

BECKHAM COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

May 21, 2008

TO THE CITIZENS OF
BECKHAM COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day". The signature is written in a cursive style.

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Beckham County	ii
County Officials and Responsibilities.....	iii
Ad Valorem Tax Distribution	viii
Computation of Legal Debt Margin.....	ix
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	x
Assessed Value of Property	xi

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information)	3
Notes to the Financial Statement	4

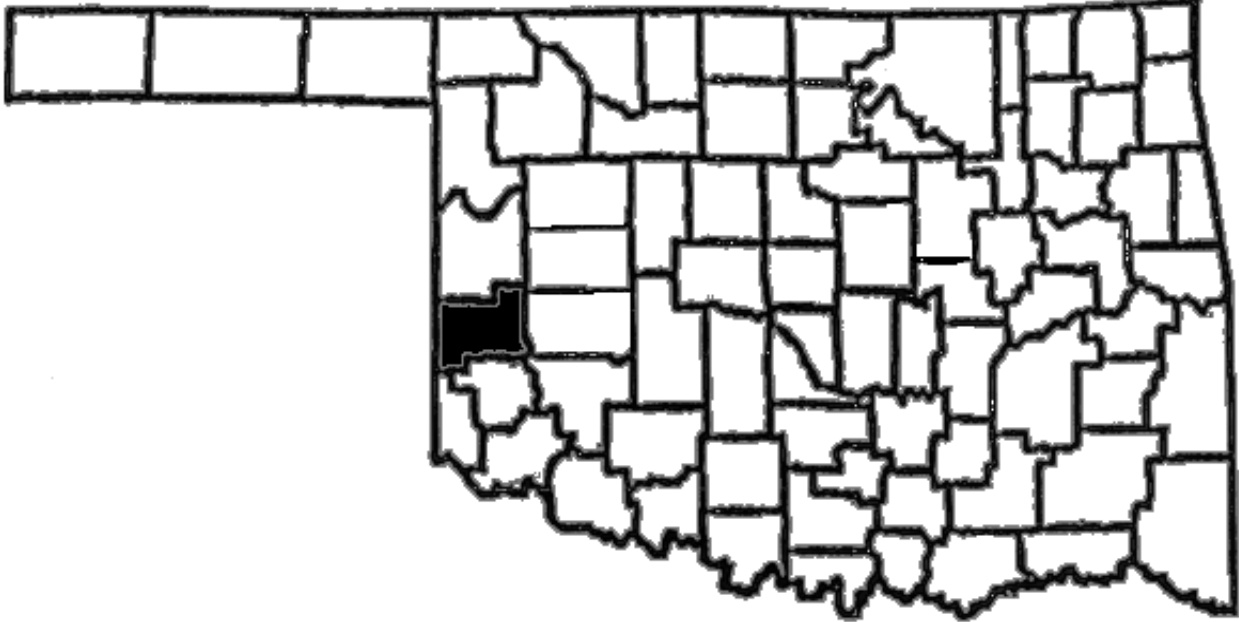
OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	14
Notes to Other Supplementary Information	15

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 <i>Government Auditing Standards</i>	16
Schedule of Findings and Responses	18

**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 quarter horses and Elk City is the host of the Rodeo of Champions held each September.

County Seat – Sayre

Area – 904.14 Square Miles

County Population – 18,880
(2005 est.)

Farms – 1,012

Land in Farms – 533,250 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

COUNTY ASSESSOR

Gayla Gillie
(D) Sayre

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

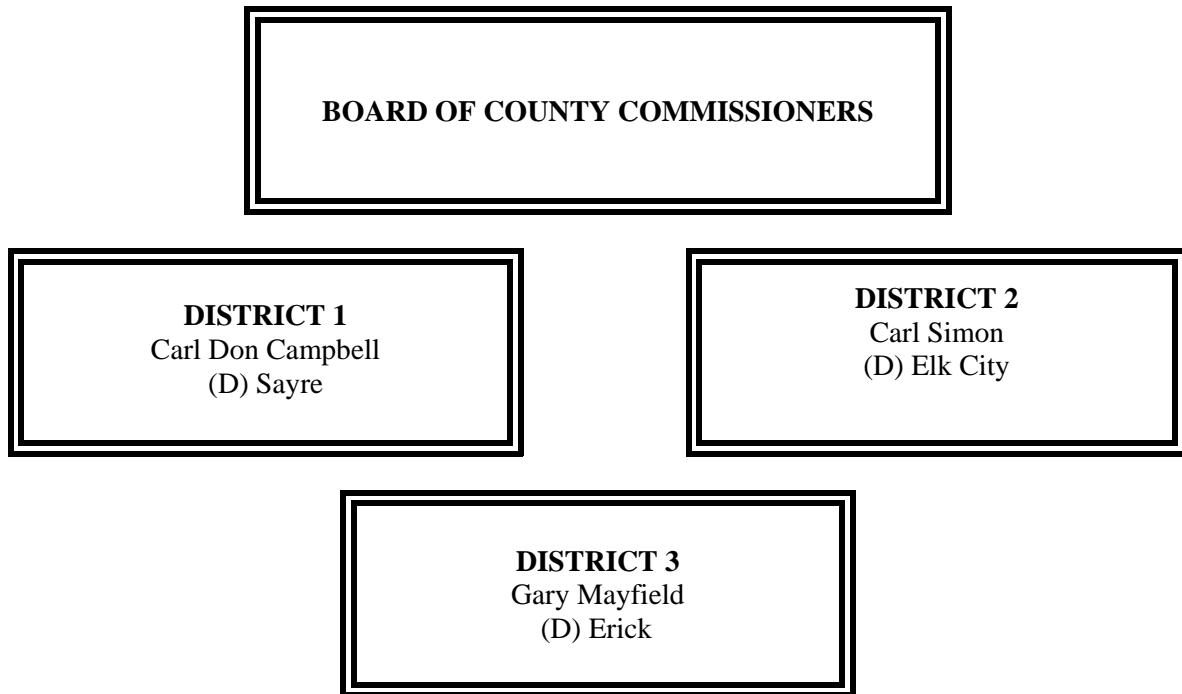
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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, 2007**



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

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

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

See independent auditor's report.

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

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, 2007**

COURT CLERK

Mary Jane Prather
(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, 2007**

ELECTION BOARD SECRETARY

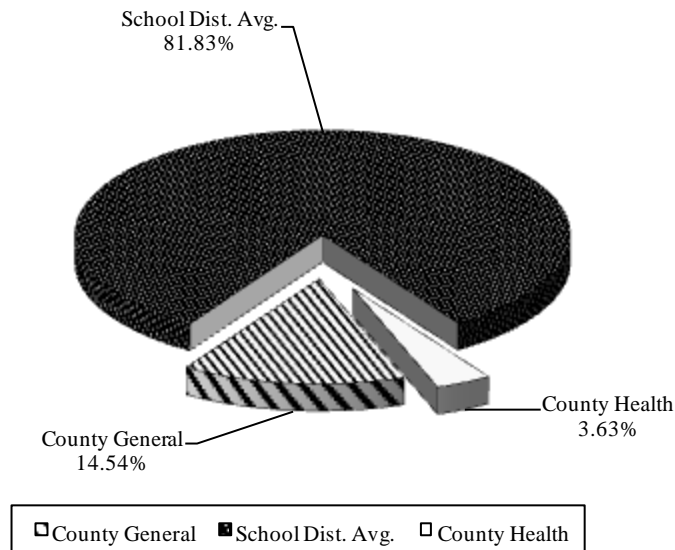
Janette B. Neff
(D) Sayre

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, 2007**

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



County-Wide Millages			School District Millages						
Co. General				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County Health	2.59								
		Rural Merritt	2RV12	36.11	5.16		12.36	4.15	57.78
		Elk City Merritt	2CV12	36.11	5.16		12.36	4.15	57.78
		Rural Elk City	6RV	36.04	5.15		12.36	4.15	57.70
		Elk City	6CV	36.04	5.15		12.36	4.15	57.70
		Rural Sayre	31R	36.42	5.20	4.18	12.36	4.15	62.31
		Sayre City	31C	36.42	5.20	4.18	12.36	4.15	62.31
		Rural Erick	51R	36.90	5.27	7.66		4.15	53.98
		Erick City	51EC	36.90	5.27	7.66		4.15	53.98
		Texola	51TC	36.90	5.27	7.66		4.15	53.98
		Merritt/Carter	2R12C	36.11	5.16		12.36	4.15	57.78
		Sayre/Carter	31RC	36.42	5.20	4.18	12.36	4.15	62.31
		Merritt/Carter	2V12C	36.11	5.16		12.36	4.15	57.78
		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	35.29	5.04	10.92		4.15	55.40
		Canute	11V12	36.07	5.15	5.61	12.36	4.15	63.34
		Sentinel/Carter	J11C	38.63	5.16		12.36	4.15	60.30
		Sentinel/Carter	J11RC	38.63	5.16		12.36	4.15	60.30

See independent auditor's report.

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

Total net assessed value as of January 1, 2006		<u>\$ 172,600,134</u>
Debt limit - 5% of total assessed value		8,630,007
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 8,630,007</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, 2007
(UNAUDITED)

	<u>2007</u>
Estimated population	<u>18,880</u>
Net assessed value as of January 1, 2006	<u>\$ 172,600,134</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>-</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

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

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$72,970,435	\$32,905,471	\$70,713,194	\$3,988,966	\$172,600,134	\$1,421,194,251

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

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, 2007, 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 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 Beckham County as of June 30, 2007, or changes in its financial position for the year then ended.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2008, 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

March 31, 2008

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, 2007

	Beginning Cash Balances <u>July 1, 2006</u>	Receipts <u>Apportioned</u>	<u>Disbursements</u>	Ending Cash Balances <u>June 30, 2007</u>
Combining Information:				
County General Fund	\$ 2,261,846	\$ 2,873,093	\$ 2,128,614	\$ 3,006,325
County Highway Cash	5,279,784	6,755,176	7,264,528	4,770,432
County Health Department	318,613	552,525	440,797	430,341
Resale Property	126,859	85,298	74,003	138,154
Treasurer Mortgage Tax Certification Fee	18,828	7,590	11,755	14,663
County Clerk Lien Fee	54,478	38,173	19,609	73,042
County Clerk Records Preservation Fee	168,204	52,415	21,029	199,590
Assessor Revolving	20,039	8,670	12,651	16,058
Assessor Visual Inspection	6,938	40	1,310	5,668
Sheriff Service Fee	70,773	128,092	111,500	87,365
Sheriff Department of Corrections	100,851	206,613	245,451	62,013
Sheriff Commissary	40,873	47,787	56,371	32,289
Sheriff Estray Cattle	191	768		959
Sheriff Medical Expense Liability	329	9,206	9,207	328
Sheriff Contract City of Erick	4,029	91,448	83,879	11,598
Sheriff Jail Fund	138,821	720,000	744,955	113,866
Community Service Sentencing Program	320			320
Emergency Management	23			23
Saferoom Rebate Program	600			600
Combined Total--All County Funds	<u>\$ 8,612,399</u>	<u>\$ 11,576,894</u>	<u>\$ 11,225,659</u>	<u>\$ 8,963,634</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, 2007**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of 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, 2007**

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

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

Sheriff Contract City of Erick – accounts for the collection of charges for services for law enforcement provided by the Sheriff's office for the City of Erick. Disbursements are made for the general operations of the Sheriff's office.

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

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

Emergency Management – 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.

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

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

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

or city-county health departments, 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).

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

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

- 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 Beckham County employees are entitled to annual leave that is accrued on a monthly basis. Employees can earn from 15 days of vacation up to 20 days of vacation depending on the number 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 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2006, was approximately \$172,600,134.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 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.

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

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 98.58 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:

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		
Workers' 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.

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

Employee

- Medical
- Disability
- Dental
- Life

The County carries commercial insurance.

A judgment could be assessed for claims in excess of coverage.

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 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 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.

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

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

benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$380,938, \$311,190, and \$344,070, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

9. Sales Tax

A special election was held on February 12, 2002. The citizens of Beckham County approved a three-tenths of one percent (3/10 of 1%) sales tax to be collected for the period beginning April 1, 2002 and ending March 31, 2017, after which the sales tax will be reduced to one-fourth of one

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

percent (1/4 of 1%) for an unlimited duration. The three-tenths of one percent (3/10 of 1%) sales tax is for the acquisition, construction, equipping, furnishing, general operations, and maintenance of a jail facility. The one-fourth of one percent (1/4 of 1%) sales tax will be used to pay the general operations and capital improvements benefiting Beckham County, Oklahoma.

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,261,846	\$ 2,261,846	\$ 2,261,846	\$ -
Less: Prior Year Outstanding Warrants	(100,369)	(100,369)	(100,024)	345
Less: Prior Year Encumbrances	(10,097)	(10,097)	(7,807)	2,290
Beginning Cash Balances, Budgetary Basis	2,151,380	2,151,380	2,154,015	2,635
Receipts:				
Ad Valorem Taxes	1,628,718	1,628,718	1,643,204	14,486
Charges for Services	105,000	105,000	214,308	109,308
Intergovernmental Revenues	149,900	166,387	409,505	243,118
Miscellaneous Revenues	219,000	219,000	606,076	387,076
Total Receipts, Budgetary Basis	2,102,618	2,119,105	2,873,093	753,988
Expenditures:				
District Attorney	2,500	2,500	2,168	332
County Sheriff	337,615	337,615	330,898	6,717
County Treasurer	139,353	139,706	139,706	-
County Commissioners	10,000	10,596	7,732	2,864
OSU Extension	21,600	21,247	18,268	2,979
County Clerk	180,485	180,485	177,308	3,177
Court Clerk	142,595	142,595	140,569	2,026
County Assessor	108,672	109,172	108,457	715
Revaluation of Real Property	102,918	102,418	98,974	3,444
General Government	2,393,153	2,400,022	478,476	1,921,546
Excise-Equalization Board	3,500	3,500	3,350	150
County Election Board	74,002	82,967	60,175	22,792
Insurance	450,000	450,057	307,009	143,048

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, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Purchasing Agent	26,713	26,713	26,448	265
Data Processing	500	500	469	31
Charity	500	500	450	50
Recording Account	500	500	500	-
Court Clerk Deputies	217,432	217,432	214,368	3,064
Civil Defense	7,500	7,500	5,792	1,708
Audit Budget	17,260	17,260	17,260	-
Free Fair	17,200	17,200	17,117	83
 Total Expenditures, Budgetary Basis	 4,253,998	 4,270,485	 2,155,494	 2,114,991
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 2,871,614	 \$ 2,871,614
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			27,278	
Add: Current Year Outstanding Warrants			107,433	
Ending Cash Balance			<u>\$ 3,006,325</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, 2007

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 318,613	\$ 318,613	\$ 318,613	\$ -
Less: Prior Year Outstanding Warrants	(8,022)	(8,022)	(8,022)	
Less: Prior Year Encumbrances	(2,396)	(2,396)	(1,319)	1,077
Beginning Cash Balances, Budgetary Basis	308,195	308,195	309,272	1,077
Receipts:				
Ad Valorem Taxes	406,395	406,395	410,015	3,620
Charges for Services			5,918	5,918
Intergovernmental		5,523	133,466	127,943
Miscellaneous			3,126	3,126
Total Receipts, Budgetary Basis	406,395	411,918	552,525	140,607
Expenditures:				
Health and Welfare	714,590	720,113	440,002	280,111
Total Expenditures, Budgetary Basis	714,590	720,113	440,002	280,111
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	421,795	\$ 421,795
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			8,372	
Add: Current Year Outstanding Warrants			174	
Ending Cash Balance			\$ 430,341	

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, 2007

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



STATE OF OKLAHOMA
OFFICE OF THE 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
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, 2007, 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 March 31, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-2 and 2007-3 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2007-4 and 2007-5.

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

This report is intended solely for the information and use 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

March 31, 2008

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

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

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

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of 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.

Effect: This lack of separation of duties 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 the concentration of duties and responsibilities in a limited number of individual 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: Limited staff reduces the ability of staff to adequately segregate duties. The Sheriff is aware of this situation.

Finding 2007-2 – Official Depository Accounts

Criteria: Effective internal controls include each collection of funds by the county official or his designated deputy be receipted on pre-numbered duplicate receipts to ensure accountability. Additionally, effective internal controls include the original receipt be attached to voided receipts to provide accountability of funds collected. Finally, to ensure that funds collected are safeguarded from errors due to improprieties, cash received should be receipted and deposited intact.

Condition: The following exceptions were noted in our test of 100% of County Sheriff Cash Bonds, Child Support Payments and Self-Defense Account Fees collections.

1. A cash bond of \$1,219.40, paid in cash to the Beckham County Sheriff, was receipted April 8, 2007, using receipt number 4655. However, a deposit of \$920 was made for this case with the Court Clerk on April 10, 2007. It was determined that the Sheriff would use the Sheriff Service Fee Cash Account to make up the difference. On July 10, 2007, a deposit of \$300 was made with the Court Clerk. It appears that only \$299.40 was collected with the County Sheriff using County funds to make up the difference in the amount deposited.

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

2. The following receipts were voided, although the original receipts were not maintained with the copies:

Receipt	Date	Amount	Comment
7043	1/10/2007	\$ 500.00	Issued from wrong receipt book
7169	4/8/2007	\$ 100.00	Issued from wrong receipt book

3. The following funds were deposited; however, a receipt was not written for collections:

Deposit Date	Amount	Description
12/13/2006	\$ 30.00	Cash Bond
3/12/2007	\$ 50.00	Cash Bond
1/10/2007	\$ 400.00	Cash Bond

4. The receipts for July 1, 2006 to November 2006 could not be located.

Effect: Improperities could occur when collections are not properly receipted and deposited.

Recommendation: We recommend the County Sheriff's office promptly issue pre-numbered duplicate receipts and make deposits intact on a daily basis in order to safeguard that cash, checks and money orders collected have been properly accounted for.

Views of responsible officials and planned corrective actions: These issues have been discussed with staff. Every receipt will be completed and deposited promptly.

Finding 2007-3 – Timely Encumbrances of Sheriff Purchase Orders

Criteria: Statutory control requirements have been established for county government for the timely encumbrance of sheriff purchase orders. Title 19 O.S. § 1505.D(1)(2) states "The procedure for the purchase of ... shall be as follows: (1) The county purchasing agent shall prepare a purchase order ... and submit it... to the county clerk; (2) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;..." In addition, 19 O.S. § 1505.E (2) (3) states, "...upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered; (3) if no such purchase order has been provided the receiving officer shall refuse delivery of the item..." Additionally, in accordance with 62 O.S. § 310.8, "prior to payment, the requesting officer shall verify the blanket purchase order by signature... and before transacting any purchase pursuant to a blanket purchase, the Board of Commissioners shall approve as such."

Condition: In the testing of fifteen (15) County Sheriff purchase orders, thirteen (13) instances were noted in which goods or services were received prior to funds being encumbered.

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

Vendor	P.O. #	Warr #	Amount	Date Encumbered	Invoice Date
Mas Marketing	839	318	\$ 89.35	8/29/2006	8/15/2006
Decatur Electronics Inc.	995	348	\$ 107.00	9/11/2006	9/6/2006
Hobby Horse	2400	948	\$ 23.00	1/4/2007	12/15/2006
Lettering Express OK Inc.	3275	1287	\$ 370.00	3/9/2007	3/7/2007
Classic Cars	3853	1538	\$ 254.96	4/25/2007	4/19/2007
Great North American Co. Inc.	1394	70	\$ 840.00	10/10/2006	9/27/2006
Cooks Correctional Kitchen Equip.	835	55	\$ 367.08	8/29/2006	8/15/2006
U.S. Food Service	1158	108	\$ 6,777.48	9/25/2006	8/1/2006
G.E. Polymershapes	2531	229	\$ 705.04	1/17/2007	1/9/2007
Willo Products	489	40	\$ 694.00	8/2/2006	7/24/2006
Bron Tapes of California	1392	131	\$ 122.74	10/10/2006	10/3/2006
Hagar Restaurant Service	4081	472	\$ 555.90	5/14/2007	4/26/2007
Buildings Better Built	2047	43	\$ 940.00	12/5/2006	12/1/2006

Effect: The County is not following purchasing procedures established by state statutes, which results in unencumbered county expenditures.

Recommendation: We recommend the County place an emphasis on encumbering funds prior to receiving goods or services in accordance with 19 O.S. § 1505.D(1)(2) and E(2)(3). We recommend payments for fixed asset items in excess of \$500 be made from the Sheriff Capital Outlay account.

Views of responsible officials and planned corrective actions: Policy has been set forth that there must be a purchase order request form submitted and approved by the Sheriff, prior to any purchase within the Sheriff's Office. The form is then forwarded to the Administrative Assistant to ensure that funds are encumbered for the purchase through the regular County purchasing procedure. This policy does not apply to the Monthly blanket purchase orders.

Finding 2007-4 – Board Minutes

Criteria: In accordance with 25 O.S. § 312, concerning written minutes of meetings, the following is stated, "The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act." Additionally, in accordance with 19 O.S. § 1505.B.4, a written explanation of the reason the lowest bid was not accepted is required to be included in the minutes.

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

Condition: We examined the Board of County Commissioners' minutes relating to the opening and awarding of bids, bid numbers, vendors and amounts. In the testing of ten bids, bid numbers were not reflected in the minutes. In eight of the ten bids tested, the amount bid from each vendor was not reflected in the minutes. One instance was noted in which the reason for not accepting the lowest bid was not reflected in the minutes.

Effect: Public records are incomplete.

Recommendation: We recommend the Board of County Commissioners Minutes reflect adequate documentation as to bid number, vendor, amount bid, and also reflect the reason the low bid was not accepted in accordance with 19 O.S. § 1505.B.4.

Views of responsible officials and planned corrective actions: More information will be provided in the minutes of the County Commissioners' meetings regarding subject matters placed on the agenda for that week.

Finding 2007-5 – Awarding of Bids for Construction Projects

Criteria: Title 61 O.S. § 110 of the Public Competitive Bidding Act of 1974 states, "All bids shall be sealed and opened only at the time and place mentioned in the bidding documents..."

Condition: The County entered into an agreement dated May 30, 2007, between the owner (Beckham County Commissioner District 2) and construction manager, where the construction manager was also the constructor. The construction manager was to construct a building at the District 2 county yard.

The minutes of the Board of County Commissioners' meeting of June 18, 2007, state, "A motion was made by District 1 Commissioner, seconded by District 3 Commissioner, to approve the construction manager to obtain further information.

All commissioners voted Aye. The agreement was signed by the District 2 Commissioner and the construction manager and dated June 19, 2007.

On November 6, 2007, at 4:00 p.m. bids were opened at the County Courthouse with regard to this project. The District 2 Commissioner and construction manager were present at this meeting; however, the meeting was not posted as an open meeting by the County and no minutes of the proceedings were recorded.

The minutes of the Board of County Commissioners dated November 13, 2007, state, "A motion was made by District 1 Commissioner, seconded by District 3 Commissioner, with all Commissioners voting Aye to approve the plans and bids for the new District 2 Yard building.

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

Our examination of the tabulation of bids and copies of these bids revealed that some bids for materials had been faxed prior to the bid opening. The faxed bids were not under sealed document.

Effect: It appears that faxed bids may be a violation of 61 O.S. § 110, which states, “All bids shall be sealed and opened only at the time and place mentioned in the bidding documents, and read aloud in the presence of an administrative officer of the awarding public agency. Such bid opening shall be open to the public and to all bidders.”

Recommendation: We recommend the County seek legal advice of the District Attorney to determine the status of “faxed bids” with regard to 61 O.S. § 110.

Views of responsible officials and planned corrective actions: Upon the recommendation of the District Attorney’s office, the Board of County Commissioners met in open meeting with the construction manager on February 4, 2008. The previous agreement with the construction manager was ratified by all three of the Board of County Commissioners and the previous bids were reviewed and approved by the County Commissioners. The minutes of that meeting were recorded in detail. Further, all bids will be sealed, and opened at a public meeting by the governing body in accordance with 61 O.S. § 110.

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

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.B, thirty-five (35) copies have been prepared and distributed at a cost of \$92.75. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

May 21, 2008

TO THE CITIZENS OF
BECKHAM COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Beckham County	ii
County Officials and Responsibilities.....	iii
Ad Valorem Tax Distribution	viii
Computation of Legal Debt Margin.....	ix
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	x
Assessed Value of Property	xi

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information)	3
Notes to the Financial Statement	4

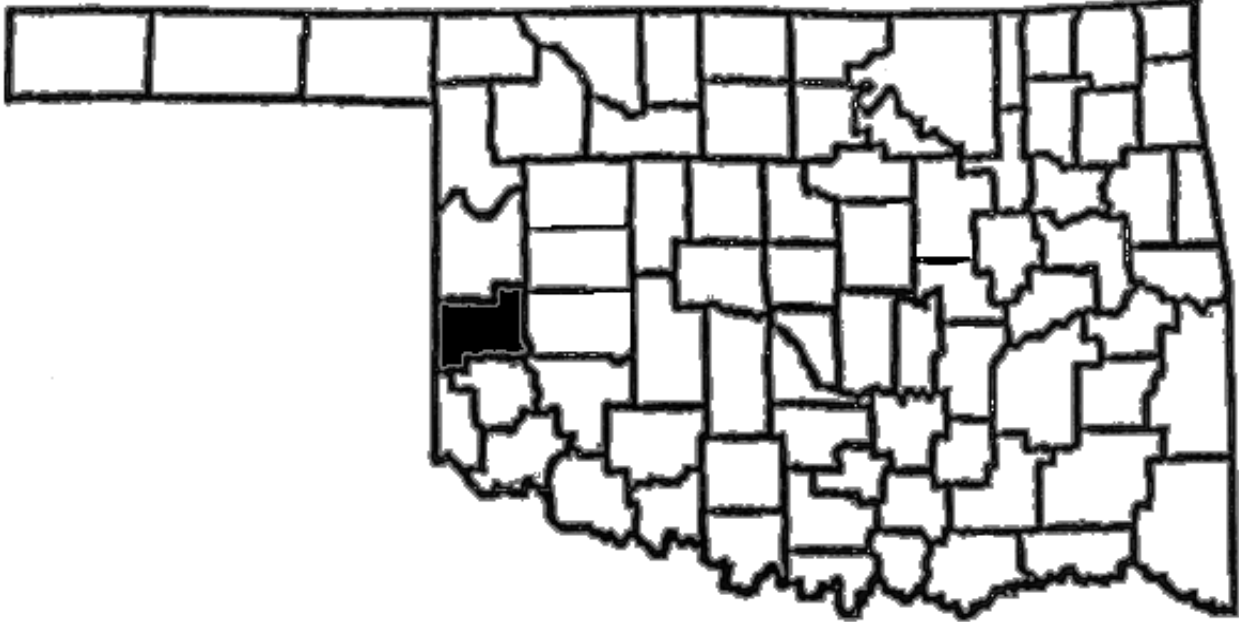
OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	14
Notes to Other Supplementary Information	15

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 <i>Government Auditing Standards</i>	16
Schedule of Findings and Responses	18

**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 quarter horses and Elk City is the host of the Rodeo of Champions held each September.

County Seat – Sayre

Area – 904.14 Square Miles

County Population – 18,880
(2005 est.)

Farms – 1,012

Land in Farms – 533,250 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

COUNTY ASSESSOR

Gayla Gillie
(D) Sayre

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

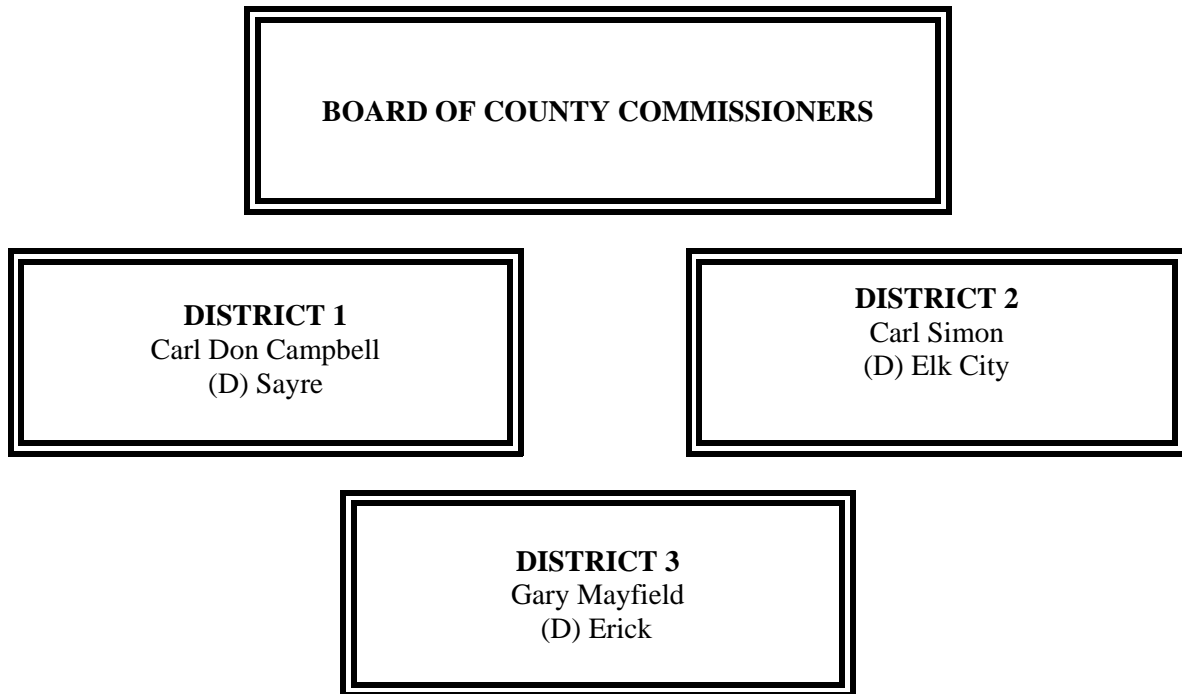
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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, 2007**



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

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

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

See independent auditor's report.

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

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, 2007**

COURT CLERK

Mary Jane Prather
(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, 2007**

ELECTION BOARD SECRETARY

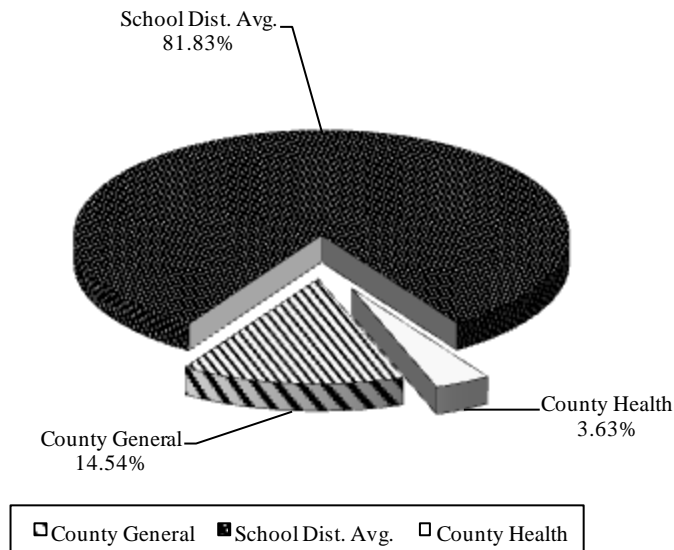
Janette B. Neff
(D) Sayre

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, 2007**

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



County-Wide Millages			School District Millages						
Co. General				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County Health	2.59								
		Rural Merritt	2RV12	36.11	5.16		12.36	4.15	57.78
		Elk City Merritt	2CV12	36.11	5.16		12.36	4.15	57.78
		Rural Elk City	6RV	36.04	5.15		12.36	4.15	57.70
		Elk City	6CV	36.04	5.15		12.36	4.15	57.70
		Rural Sayre	31R	36.42	5.20	4.18	12.36	4.15	62.31
		Sayre City	31C	36.42	5.20	4.18	12.36	4.15	62.31
		Rural Erick	51R	36.90	5.27	7.66		4.15	53.98
		Erick City	51EC	36.90	5.27	7.66		4.15	53.98
		Texola	51TC	36.90	5.27	7.66		4.15	53.98
		Merritt/Carter	2R12C	36.11	5.16		12.36	4.15	57.78
		Sayre/Carter	31RC	36.42	5.20	4.18	12.36	4.15	62.31
		Merritt/Carter	2V12C	36.11	5.16		12.36	4.15	57.78
		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	35.29	5.04	10.92		4.15	55.40
		Canute	11V12	36.07	5.15	5.61	12.36	4.15	63.34
		Sentinel/Carter	J11C	38.63	5.16		12.36	4.15	60.30
		Sentinel/Carter	J11RC	38.63	5.16		12.36	4.15	60.30

See independent auditor's report.

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

Total net assessed value as of January 1, 2006		<u>\$ 172,600,134</u>
Debt limit - 5% of total assessed value		8,630,007
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 8,630,007</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, 2007
(UNAUDITED)

	<u>2007</u>
Estimated population	<u>18,880</u>
Net assessed value as of January 1, 2006	<u>\$ 172,600,134</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>-</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

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

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$72,970,435	\$32,905,471	\$70,713,194	\$3,988,966	\$172,600,134	\$1,421,194,251

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

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, 2007, 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 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 Beckham County as of June 30, 2007, or changes in its financial position for the year then ended.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2008, 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

March 31, 2008

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, 2007**

	Beginning Cash Balances <u>July 1, 2006</u>	Receipts <u>Apportioned</u>	<u>Disbursements</u>	Ending Cash Balances <u>June 30, 2007</u>
Combining Information:				
County General Fund	\$ 2,261,846	\$ 2,873,093	\$ 2,128,614	\$ 3,006,325
County Highway Cash	5,279,784	6,755,176	7,264,528	4,770,432
County Health Department	318,613	552,525	440,797	430,341
Resale Property	126,859	85,298	74,003	138,154
Treasurer Mortgage Tax Certification Fee	18,828	7,590	11,755	14,663
County Clerk Lien Fee	54,478	38,173	19,609	73,042
County Clerk Records Preservation Fee	168,204	52,415	21,029	199,590
Assessor Revolving	20,039	8,670	12,651	16,058
Assessor Visual Inspection	6,938	40	1,310	5,668
Sheriff Service Fee	70,773	128,092	111,500	87,365
Sheriff Department of Corrections	100,851	206,613	245,451	62,013
Sheriff Commissary	40,873	47,787	56,371	32,289
Sheriff Estray Cattle	191	768		959
Sheriff Medical Expense Liability	329	9,206	9,207	328
Sheriff Contract City of Erick	4,029	91,448	83,879	11,598
Sheriff Jail Fund	138,821	720,000	744,955	113,866
Community Service Sentencing Program	320			320
Emergency Management	23			23
Saferoom Rebate Program	600			600
Combined Total--All County Funds	<u>\$ 8,612,399</u>	<u>\$ 11,576,894</u>	<u>\$ 11,225,659</u>	<u>\$ 8,963,634</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, 2007**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of 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, 2007**

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

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

Sheriff Contract City of Erick – accounts for the collection of charges for services for law enforcement provided by the Sheriff's office for the City of Erick. Disbursements are made for the general operations of the Sheriff's office.

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

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

Emergency Management – 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.

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

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

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

or city-county health departments, 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).

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

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

- 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 Beckham County employees are entitled to annual leave that is accrued on a monthly basis. Employees can earn from 15 days of vacation up to 20 days of vacation depending on the number 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 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2006, was approximately \$172,600,134.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 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.

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

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 98.58 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:

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		
Workers' 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.

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

Employee

- Medical
- Disability
- Dental
- Life

The County carries
commercial insurance.

A judgment could be
assessed for claims in
excess of coverage.

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 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 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.

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

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

benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$380,938, \$311,190, and \$344,070, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

9. Sales Tax

A special election was held on February 12, 2002. The citizens of Beckham County approved a three-tenths of one percent (3/10 of 1%) sales tax to be collected for the period beginning April 1, 2002 and ending March 31, 2017, after which the sales tax will be reduced to one-fourth of one

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

percent (1/4 of 1%) for an unlimited duration. The three-tenths of one percent (3/10 of 1%) sales tax is for the acquisition, construction, equipping, furnishing, general operations, and maintenance of a jail facility. The one-fourth of one percent (1/4 of 1%) sales tax will be used to pay the general operations and capital improvements benefiting Beckham County, Oklahoma.

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,261,846	\$ 2,261,846	\$ 2,261,846	\$ -
Less: Prior Year Outstanding Warrants	(100,369)	(100,369)	(100,024)	345
Less: Prior Year Encumbrances	(10,097)	(10,097)	(7,807)	2,290
Beginning Cash Balances, Budgetary Basis	2,151,380	2,151,380	2,154,015	2,635
Receipts:				
Ad Valorem Taxes	1,628,718	1,628,718	1,643,204	14,486
Charges for Services	105,000	105,000	214,308	109,308
Intergovernmental Revenues	149,900	166,387	409,505	243,118
Miscellaneous Revenues	219,000	219,000	606,076	387,076
Total Receipts, Budgetary Basis	2,102,618	2,119,105	2,873,093	753,988
Expenditures:				
District Attorney	2,500	2,500	2,168	332
County Sheriff	337,615	337,615	330,898	6,717
County Treasurer	139,353	139,706	139,706	-
County Commissioners	10,000	10,596	7,732	2,864
OSU Extension	21,600	21,247	18,268	2,979
County Clerk	180,485	180,485	177,308	3,177
Court Clerk	142,595	142,595	140,569	2,026
County Assessor	108,672	109,172	108,457	715
Revaluation of Real Property	102,918	102,418	98,974	3,444
General Government	2,393,153	2,400,022	478,476	1,921,546
Excise-Equalization Board	3,500	3,500	3,350	150
County Election Board	74,002	82,967	60,175	22,792
Insurance	450,000	450,057	307,009	143,048

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, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Purchasing Agent	26,713	26,713	26,448	265
Data Processing	500	500	469	31
Charity	500	500	450	50
Recording Account	500	500	500	-
Court Clerk Deputies	217,432	217,432	214,368	3,064
Civil Defense	7,500	7,500	5,792	1,708
Audit Budget	17,260	17,260	17,260	-
Free Fair	17,200	17,200	17,117	83
 Total Expenditures, Budgetary Basis	 4,253,998	 4,270,485	 2,155,494	 2,114,991
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 2,871,614	 \$ 2,871,614
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			27,278	
Add: Current Year Outstanding Warrants			107,433	
Ending Cash Balance			<u>\$ 3,006,325</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, 2007

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 318,613	\$ 318,613	\$ 318,613	\$ -
Less: Prior Year Outstanding Warrants	(8,022)	(8,022)	(8,022)	
Less: Prior Year Encumbrances	(2,396)	(2,396)	(1,319)	1,077
Beginning Cash Balances, Budgetary Basis	308,195	308,195	309,272	1,077
Receipts:				
Ad Valorem Taxes	406,395	406,395	410,015	3,620
Charges for Services			5,918	5,918
Intergovernmental		5,523	133,466	127,943
Miscellaneous			3,126	3,126
Total Receipts, Budgetary Basis	406,395	411,918	552,525	140,607
Expenditures:				
Health and Welfare	714,590	720,113	440,002	280,111
Total Expenditures, Budgetary Basis	714,590	720,113	440,002	280,111
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	421,795	\$ 421,795
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			8,372	
Add: Current Year Outstanding Warrants			174	
Ending Cash Balance			\$ 430,341	

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, 2007

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



STATE OF OKLAHOMA
OFFICE OF THE 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
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, 2007, 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 March 31, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-2 and 2007-3 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2007-4 and 2007-5.

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

This report is intended solely for the information and use 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

March 31, 2008

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

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

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

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of 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.

Effect: This lack of separation of duties 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 the concentration of duties and responsibilities in a limited number of individual 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: Limited staff reduces the ability of staff to adequately segregate duties. The Sheriff is aware of this situation.

Finding 2007-2 – Official Depository Accounts

Criteria: Effective internal controls include each collection of funds by the county official or his designated deputy be receipted on pre-numbered duplicate receipts to ensure accountability. Additionally, effective internal controls include the original receipt be attached to voided receipts to provide accountability of funds collected. Finally, to ensure that funds collected are safeguarded from errors due to improprieties, cash received should be receipted and deposited intact.

Condition: The following exceptions were noted in our test of 100% of County Sheriff Cash Bonds, Child Support Payments and Self-Defense Account Fees collections.

1. A cash bond of \$1,219.40, paid in cash to the Beckham County Sheriff, was receipted April 8, 2007, using receipt number 4655. However, a deposit of \$920 was made for this case with the Court Clerk on April 10, 2007. It was determined that the Sheriff would use the Sheriff Service Fee Cash Account to make up the difference. On July 10, 2007, a deposit of \$300 was made with the Court Clerk. It appears that only \$299.40 was collected with the County Sheriff using County funds to make up the difference in the amount deposited.

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

2. The following receipts were voided, although the original receipts were not maintained with the copies:

Receipt	Date	Amount	Comment
7043	1/10/2007	\$ 500.00	Issued from wrong receipt book
7169	4/8/2007	\$ 100.00	Issued from wrong receipt book

3. The following funds were deposited; however, a receipt was not written for collections:

Deposit Date	Amount	Description
12/13/2006	\$ 30.00	Cash Bond
3/12/2007	\$ 50.00	Cash Bond
1/10/2007	\$ 400.00	Cash Bond

4. The receipts for July 1, 2006 to November 2006 could not be located.

Effect: Improperities could occur when collections are not properly receipted and deposited.

Recommendation: We recommend the County Sheriff's office promptly issue pre-numbered duplicate receipts and make deposits intact on a daily basis in order to safeguard that cash, checks and money orders collected have been properly accounted for.

Views of responsible officials and planned corrective actions: These issues have been discussed with staff. Every receipt will be completed and deposited promptly.

Finding 2007-3 – Timely Encumbrances of Sheriff Purchase Orders

Criteria: Statutory control requirements have been established for county government for the timely encumbrance of sheriff purchase orders. Title 19 O.S. § 1505.D(1)(2) states "The procedure for the purchase of ... shall be as follows: (1) The county purchasing agent shall prepare a purchase order ... and submit it... to the county clerk; (2) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;..." In addition, 19 O.S. § 1505.E (2) (3) states, "...upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered; (3) if no such purchase order has been provided the receiving officer shall refuse delivery of the item..." Additionally, in accordance with 62 O.S. § 310.8, "prior to payment, the requesting officer shall verify the blanket purchase order by signature... and before transacting any purchase pursuant to a blanket purchase, the Board of Commissioners shall approve as such."

Condition: In the testing of fifteen (15) County Sheriff purchase orders, thirteen (13) instances were noted in which goods or services were received prior to funds being encumbered.

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

Vendor	P.O. #	Warr #	Amount	Date Encumbered	Invoice Date
Mas Marketing	839	318	\$ 89.35	8/29/2006	8/15/2006
Decatur Electronics Inc.	995	348	\$ 107.00	9/11/2006	9/6/2006
Hobby Horse	2400	948	\$ 23.00	1/4/2007	12/15/2006
Lettering Express OK Inc.	3275	1287	\$ 370.00	3/9/2007	3/7/2007
Classic Cars	3853	1538	\$ 254.96	4/25/2007	4/19/2007
Great North American Co. Inc.	1394	70	\$ 840.00	10/10/2006	9/27/2006
Cooks Correctional Kitchen Equip.	835	55	\$ 367.08	8/29/2006	8/15/2006
U.S. Food Service	1158	108	\$ 6,777.48	9/25/2006	8/1/2006
G.E. Polymershapes	2531	229	\$ 705.04	1/17/2007	1/9/2007
Willo Products	489	40	\$ 694.00	8/2/2006	7/24/2006
Bron Tapes of California	1392	131	\$ 122.74	10/10/2006	10/3/2006
Hagar Restaurant Service	4081	472	\$ 555.90	5/14/2007	4/26/2007
Buildings Better Built	2047	43	\$ 940.00	12/5/2006	12/1/2006

Effect: The County is not following purchasing procedures established by state statutes, which results in unencumbered county expenditures.

Recommendation: We recommend the County place an emphasis on encumbering funds prior to receiving goods or services in accordance with 19 O.S. § 1505.D(1)(2) and E(2)(3). We recommend payments for fixed asset items in excess of \$500 be made from the Sheriff Capital Outlay account.

Views of responsible officials and planned corrective actions: Policy has been set forth that there must be a purchase order request form submitted and approved by the Sheriff, prior to any purchase within the Sheriff's Office. The form is then forwarded to the Administrative Assistant to ensure that funds are encumbered for the purchase through the regular County purchasing procedure. This policy does not apply to the Monthly blanket purchase orders.

Finding 2007-4 – Board Minutes

Criteria: In accordance with 25 O.S. § 312, concerning written minutes of meetings, the following is stated, "The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act." Additionally, in accordance with 19 O.S. § 1505.B.4, a written explanation of the reason the lowest bid was not accepted is required to be included in the minutes.

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

Condition: We examined the Board of County Commissioners' minutes relating to the opening and awarding of bids, bid numbers, vendors and amounts. In the testing of ten bids, bid numbers were not reflected in the minutes. In eight of the ten bids tested, the amount bid from each vendor was not reflected in the minutes. One instance was noted in which the reason for not accepting the lowest bid was not reflected in the minutes.

Effect: Public records are incomplete.

Recommendation: We recommend the Board of County Commissioners Minutes reflect adequate documentation as to bid number, vendor, amount bid, and also reflect the reason the low bid was not accepted in accordance with 19 O.S. § 1505.B.4.

Views of responsible officials and planned corrective actions: More information will be provided in the minutes of the County Commissioners' meetings regarding subject matters placed on the agenda for that week.

Finding 2007-5 – Awarding of Bids for Construction Projects

Criteria: Title 61 O.S. § 110 of the Public Competitive Bidding Act of 1974 states, "All bids shall be sealed and opened only at the time and place mentioned in the bidding documents..."

Condition: The County entered into an agreement dated May 30, 2007, between the owner (Beckham County Commissioner District 2) and construction manager, where the construction manager was also the constructor. The construction manager was to construct a building at the District 2 county yard.

The minutes of the Board of County Commissioners' meeting of June 18, 2007, state, "A motion was made by District 1 Commissioner, seconded by District 3 Commissioner, to approve the construction manager to obtain further information.

All commissioners voted Aye. The agreement was signed by the District 2 Commissioner and the construction manager and dated June 19, 2007.

On November 6, 2007, at 4:00 p.m. bids were opened at the County Courthouse with regard to this project. The District 2 Commissioner and construction manager were present at this meeting; however, the meeting was not posted as an open meeting by the County and no minutes of the proceedings were recorded.

The minutes of the Board of County Commissioners dated November 13, 2007, state, "A motion was made by District 1 Commissioner, seconded by District 3 Commissioner, with all Commissioners voting Aye to approve the plans and bids for the new District 2 Yard building.

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

Our examination of the tabulation of bids and copies of these bids revealed that some bids for materials had been faxed prior to the bid opening. The faxed bids were not under sealed document.

Effect: It appears that faxed bids may be a violation of 61 O.S. § 110, which states, “All bids shall be sealed and opened only at the time and place mentioned in the bidding documents, and read aloud in the presence of an administrative officer of the awarding public agency. Such bid opening shall be open to the public and to all bidders.”

Recommendation: We recommend the County seek legal advice of the District Attorney to determine the status of “faxed bids” with regard to 61 O.S. § 110.

Views of responsible officials and planned corrective actions: Upon the recommendation of the District Attorney’s office, the Board of County Commissioners met in open meeting with the construction manager on February 4, 2008. The previous agreement with the construction manager was ratified by all three of the Board of County Commissioners and the previous bids were reviewed and approved by the County Commissioners. The minutes of that meeting were recorded in detail. Further, all bids will be sealed, and opened at a public meeting by the governing body in accordance with 61 O.S. § 110.



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