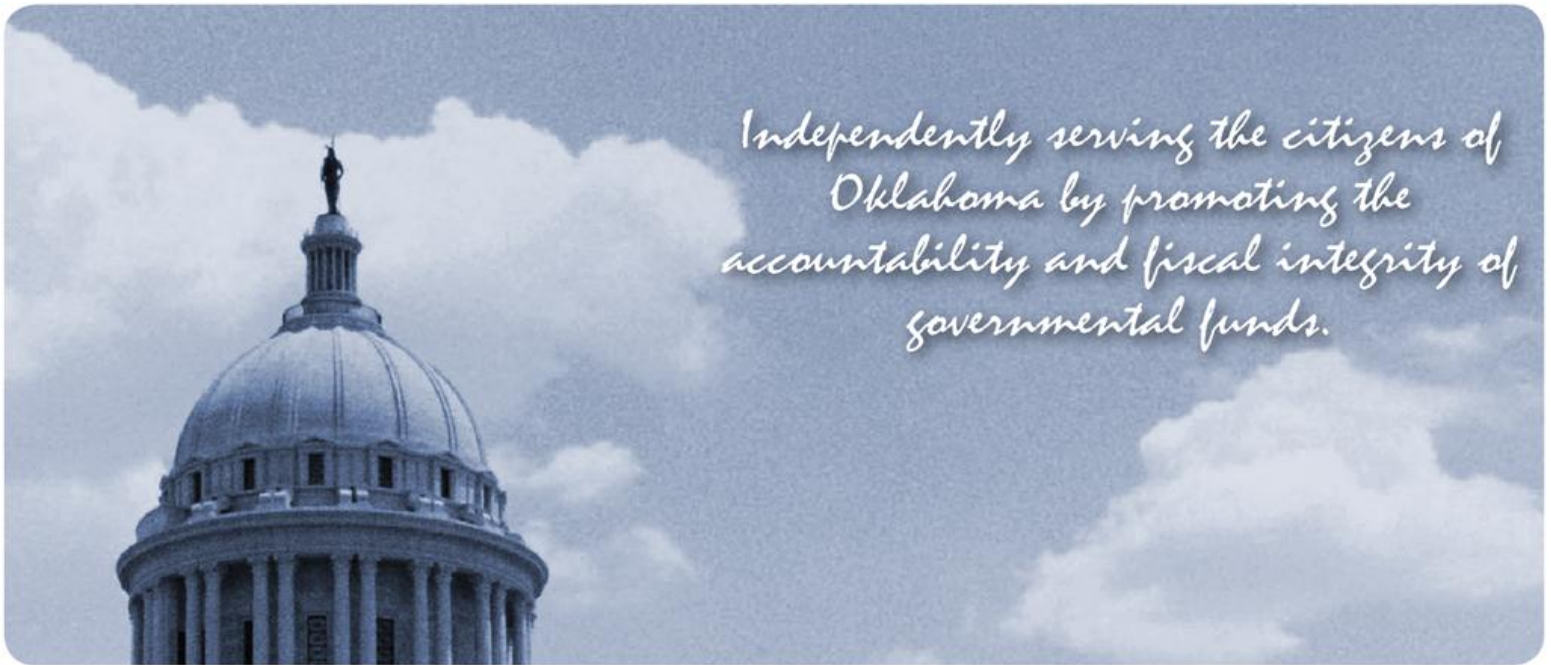


COUNTY AUDIT

# BLAINE COUNTY

For the fiscal year ended June 30, 2015



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**BLAINE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 29, 2016

TO THE CITIZENS OF  
BLAINE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Blaine County, Oklahoma for the fiscal year ended June 30, 2015. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

**BLAINE COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**BLAINE COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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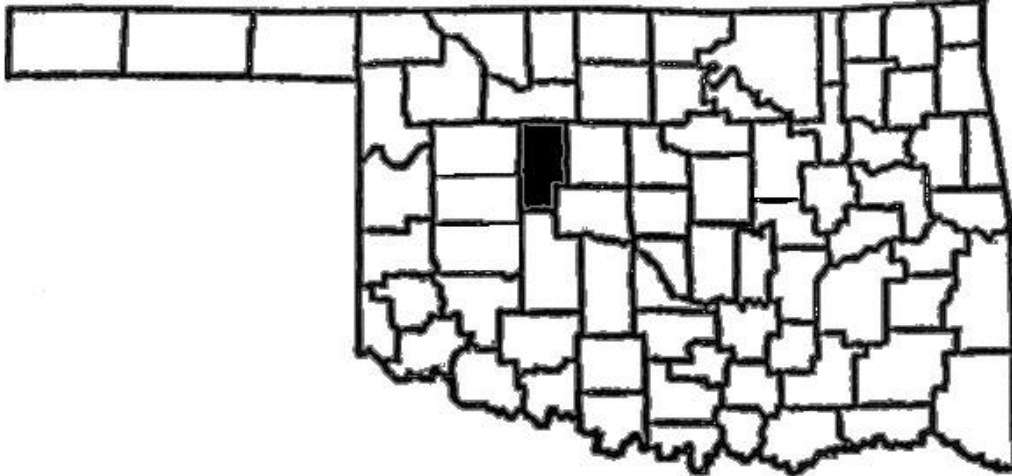
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**BLAINE COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Originally designated as “C” County in 1890, Blaine was adopted as the county name in November 1892, in honor of James G. Blaine, U.S. Senator, House Speaker, and Republican presidential candidate in 1884.

The county seat, Watonga, was named for Watangaa, or Black Coyote, an Arapaho leader.

Blaine County is the site of the first gypsum mill in Oklahoma Territory, the Ruby Stucco Mill. Southard, located in the north central part of the county, is the site of one of the purest gypsum deposits in the United States. The U.S. Gypsum Company is the largest industrial plant in the county.

The International Association of Rattlesnake Hunters has headquarters in Okeene, which is also the site of its Jaycees Annual Rattlesnake Hunt. The Canton Lake Walleye Pike Rodeo and Fishing Derby occur annually. Roman Nose State Park is located seven miles north of Watonga. For more information, call the Watonga Chamber of Commerce at 580/623-5452, or the county clerk’s office at 580/623-5890.

County Seat – Watonga

Area – 938.88 Square Miles

County Population – 9,917  
(2014 est.)

Farms – 798

Land in Farms – 521,986 Acres

Primary Source: Oklahoma Almanac 2015-2016

**BLAINE COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Board of County Commissioners**

District 1 – Mike Allen  
District 2 – Jonathon Cross  
District 3 – Raymond Scheffler

**County Assessor**

Rian Parker

**County Clerk**

Della Wallace

**County Sheriff**

Margarett Parman

**County Treasurer**

Donna Hoskins

**Court Clerk**

Christy Matli

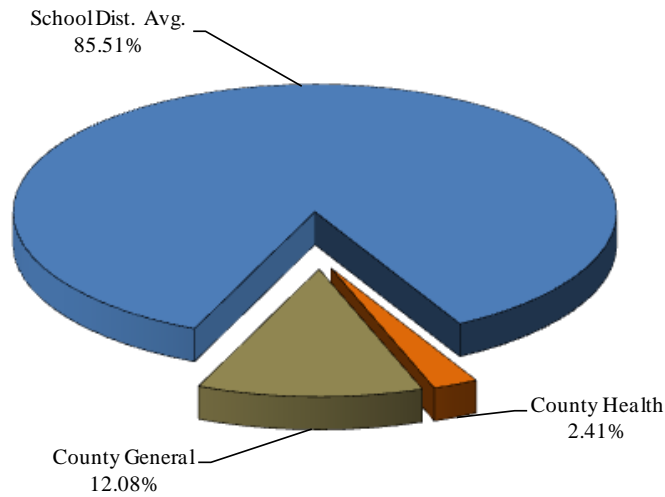
**District Attorney**

Michael Fields



**BLAINE COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

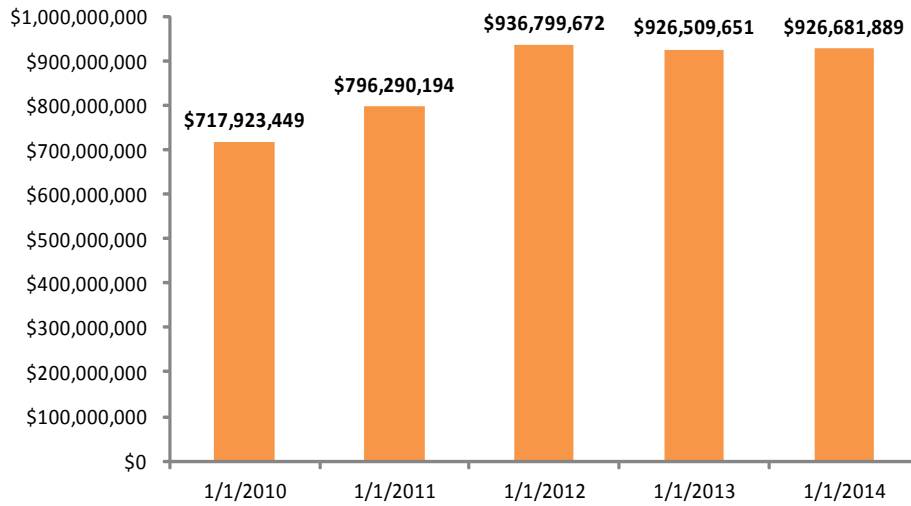


County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	EMS	Career	Common	Total
County General	10.62									
County Health	2.12	Canton	105	37.03	5.29	11.68	3.17	13.75	4.25	75.17
		Caddo	161J3	35.17	5.02	21.99	3.08	11.81	4.25	81.32
		Watonga	42-AH/42-R	36.82	5.26	18.14	3.00	12.53	4.25	80.00
		Watonga City	42-C	36.82	5.26	18.14	3.00	12.53	4.25	80.00
		Geary	80	38.31	5.47	6.10	3.28	-	4.25	57.41
		Okeene	9-AH/9-HR	36.89	5.27	20.68	3.16	12.53	4.25	82.78
		Okeene	9-C/9-R	36.89	5.27	20.68	3.16	-	4.25	70.25
		Caddo/Hydro	J1	37.68	5.38	39.84	-	11.81	4.25	98.96
		Kingfisher	J3	37.37	5.34	5.56	3.00	12.53	4.25	68.05
		Custer	J7	37.03	5.29	16.50	3.00	-	4.25	66.07
		Major	J84	36.88	5.27	11.28	-	13.75	4.25	71.43
		Major	J92	35.00	5.00	11.06	-	15.00	4.25	70.31

**BLAINE COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 TREND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2014	\$45,961,223	\$12,602,861	\$49,906,762	\$2,325,853	\$106,144,993	\$926,681,889
1/1/2013	\$48,060,587	\$11,242,596	\$48,443,284	\$2,354,654	\$105,391,813	\$926,509,651
1/1/2012	\$48,931,138	\$11,324,356	\$48,665,276	\$2,375,916	\$106,544,854	\$936,799,672
1/1/2011	\$34,815,733	\$11,435,173	\$47,271,291	\$2,379,242	\$91,142,955	\$796,290,194
1/1/2010	\$27,100,091	\$10,966,636	\$46,592,145	\$2,386,150	\$82,272,722	\$717,923,449

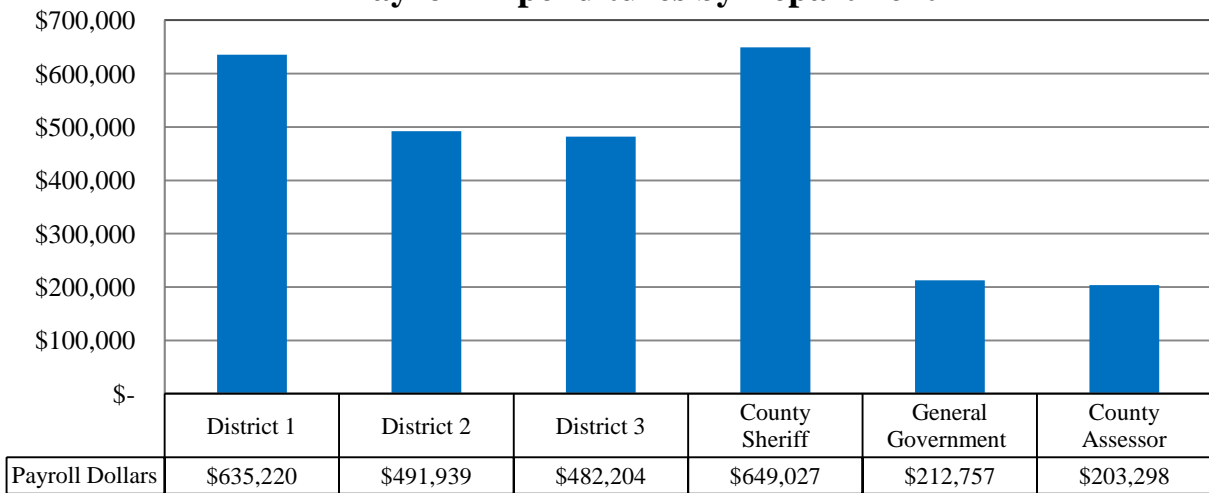
**Estimated  
 Fair Market  
 Value**



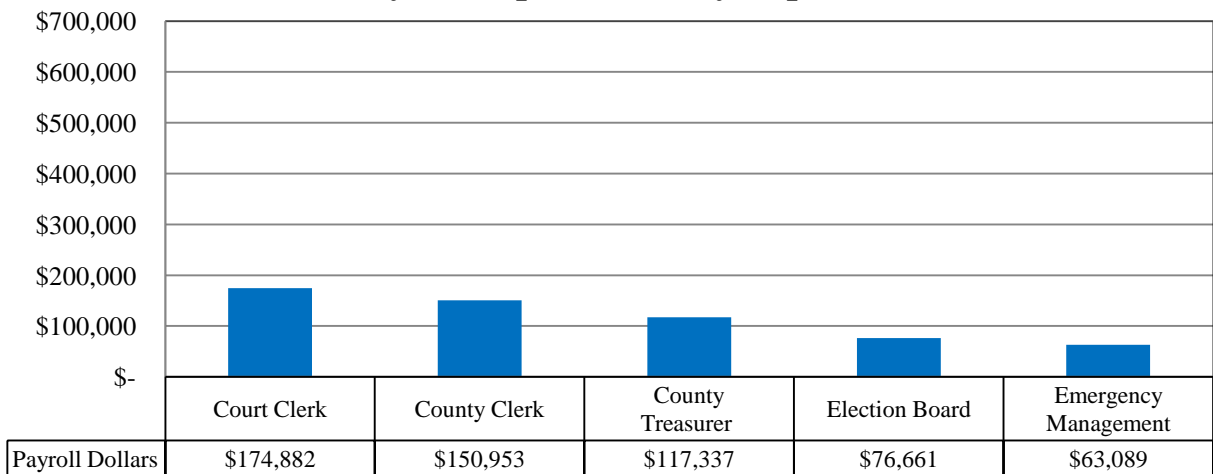
**BLAINE COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2015.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

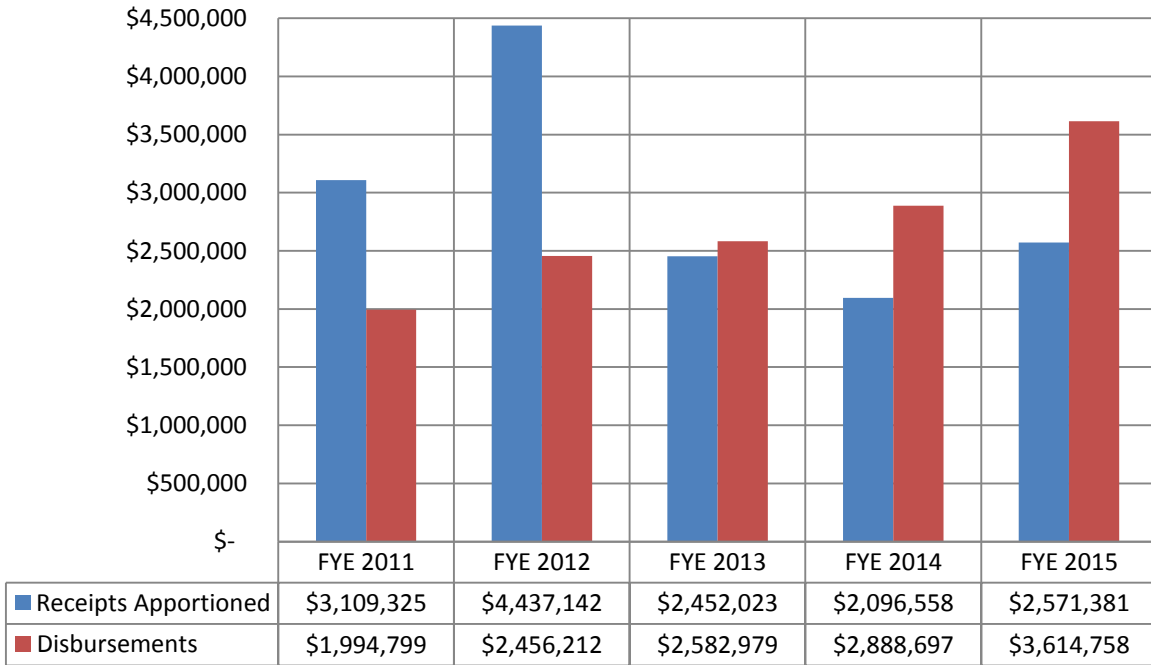


**BLAINE COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## County General Fund

The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county’s primary source of operating revenue. The County General Fund is typically used for county employees’ salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county’s ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County’s General Fund for the last five fiscal years.

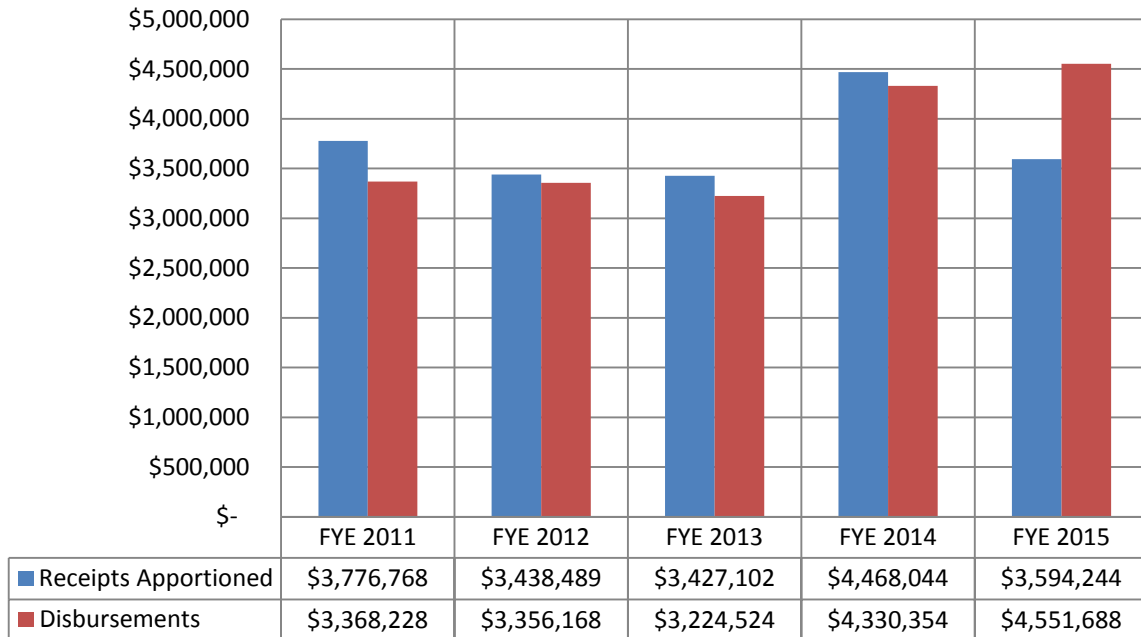


**BLAINE COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



## **FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## Independent Auditor's Report

TO THE OFFICERS OF  
BLAINE COUNTY, OKLAHOMA

### *Report on the Financial Statement*

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Blaine County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by Blaine County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Blaine County as of June 30, 2015, or changes in its financial position for the year then ended.

### ***Opinion on Regulatory Basis of Accounting***

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 balances for all county funds of Blaine County, for the year ended June 30, 2015, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. 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 financial statement.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of Blaine 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 in considering Blaine County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 28, 2016

**REGULATORY BASIS FINANCIAL STATEMENT**

**BLAINE COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)—MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	Beginning Cash Balances July 1, 2014	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2015
Combining Information:						
Major Funds:						
County General Fund	\$ 3,429,662	\$ 2,571,381	\$ -	\$ -	\$ 3,614,758	\$ 2,386,285
County Highway Cash	2,622,906	3,594,244	-	-	4,551,688	1,665,462
County Bridge and Road Improvement Fund 105	-	710,751	-	-	117,984	592,767
Sheriff Service Fee	111,494	204,291	-	-	188,707	127,078
County Health Department	154,750	225,173	-	-	236,017	143,906
General Obligation Bond Sinking Enhanced 911	175,635	2,707	-	-	161,808	16,534
Blaine County Fire Department	601,546	175,152	-	-	31,495	745,203
Blaine County Fire Department	248,406	420,049	-	-	84,212	584,243
Remaining Aggregate Funds	523,618	358,905	3,383	-	224,653	661,253
<b>Combined Total - All County Funds</b>	<u>\$ 7,868,017</u>	<u>\$ 8,262,653</u>	<u>\$ 3,383</u>	<u>\$ -</u>	<u>\$ 9,211,322</u>	<u>\$ 6,922,731</u>

**BLAINE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Summary of Significant Accounting Policies**

**A. Reporting Entity**

Blaine County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

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

**B. Fund Accounting**

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

Following are descriptions of the county funds included as combining 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 Bridge and Road Improvement Fund 105 – accounts for the fund receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

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

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

**BLAINE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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General Obligation Bond Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt. Receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

Enhanced 911 – accounts for monies received from private telephone companies for the operations of emergency 911 services.

Blaine County Fire Department – accounts for the County sales tax proceeds to be used for contract payments to rural fire departments.

**C. Basis of Accounting**

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, 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 regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

**D. Budget**

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

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily

**BLAINE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**2. Ad Valorem Tax**

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

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

**3. Other Information**

**A. Pension Plan**

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

**BLAINE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

---

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

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

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

**C. Contingent Liabilities**

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

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

**D. Long Term Obligations**

**1. General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Debt service on the bonds will be paid from ad valorem taxes levied and assessed on behalf of the issuer and deposited to the Sinking Fund.

The Blaine County Industrial Authority issued General Obligation Refunding Limited Tax Bonds of 2010 on June 30, 2010, to retire the Blaine County General Obligation Limited Tax Bonds of 1999 dated August 30, 1999. First State Bank, Watonga, Oklahoma, and First National Bank, Okeene, Oklahoma, share equally in the \$610,000 bond issue.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

**BLAINE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Beginning Balance	Additions	Reductions	Ending Balance	Amount due within one year
\$160,000	\$ 0	\$160,000	\$0	\$0

During the fiscal year 2015, payments included \$160,000 for principal and \$1,808 for interest.

**E. Sales Tax**

On November 2, 2004, the citizens of Blaine County voted a county sales tax of one-half of one percent (1/2 of 1%) for an indefinite period of time. Said tax of one-half of one percent (1/2 of 1%) shall be deposited into the County General Fund for the purpose of maintaining and operating the Blaine County Courthouse and Jail.

On November 6, 2012, the citizens of Blaine County voted on an additional county sales tax of one-quarter of one percent (1/4 of 1%) continuing thereafter for a period of ten (10) years terminating on December 31, 2023. Said tax of one-quarter of one percent (1/4 of 1%) shall be for the purpose of contracting with the following communities; Canton, Eagle City, Geary, Greenfield, Hitchcock, Hydro, Longdale, Okeene, and Watonga, for such rural fire protection as may be deemed necessary by the Board of County Commissioners. These funds are accounted for in the Blaine County Fire Department fund.

**F. Interfund Transfers**

During the fiscal year, the County made the following transfer between cash funds.

- \$3,383 was transferred into the Resale Property fund from the Excess Resale fund, a trust and agency fund, for prior year ad valorem taxes not timely claimed as allowed by state statute.



**OTHER SUPPLEMENTARY INFORMATION**

**BLAINE 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, 2015**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 3,429,662	\$ 3,429,662	\$ -
Less: Prior Year Outstanding Warrants	(164,491)	(164,491)	-
Less: Prior Year Encumbrances	(55,686)	(47,277)	8,409
Beginning Cash Balances, Budgetary Basis	<u>3,209,485</u>	<u>3,217,894</u>	<u>8,409</u>
Receipts:			
Ad Valorem Taxes	1,024,782	1,114,694	89,912
Charges for Services	33,443	145,191	111,748
Intergovernmental Revenues	244,190	1,203,308	959,118
Miscellaneous Revenues	-	108,188	108,188
Total Receipts, Budgetary Basis	<u>1,302,415</u>	<u>2,571,381</u>	<u>1,268,966</u>
Expenditures:			
District Attorney	20,341	10,256	10,085
County Sheriff	711,048	681,216	29,832
County Treasurer	128,618	123,136	5,482
County Commissioner	716,444	566,578	149,866
OSU Extension	27,100	25,715	1,385
County Clerk	174,457	174,094	363
Court Clerk	182,295	179,682	2,613
County Assessor	182,647	170,491	12,156
Revaluation of Real Property	184,715	129,303	55,412
Juvenile Shelter Bureau	23,800	8,906	14,894
General Government	1,075,655	431,058	644,597
Excise-Equalization Board	5,850	3,399	2,451
County Election Board	83,861	82,974	887
Insurance Benefits	905,000	864,860	40,140
Charity	1	-	1
Civil Defense	79,453	71,038	8,415
County Audit Budget Account	10,615	-	10,615
Total Expenditures, Budgetary Basis	<u>4,511,900</u>	<u>3,522,706</u>	<u>989,194</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>2,266,569</u>	<u>\$ 2,266,569</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		45,263	
Add: Current Year Encumbrances		74,453	
Ending Cash Balance		<u>\$ 2,386,285</u>	

**BLAINE 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, 2015**

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 154,750	\$ 154,750	\$ -
Less: Prior Year Outstanding Warrants	(15,333)	(15,333)	-
Less: Prior Year Encumbrances	(3,637)	(2,236)	1,401
Beginning Cash Balances, Budgetary Basis	135,780	137,181	1,401
Receipts:			
Ad Valorem Taxes	204,570	222,611	18,041
Charges for Services	-	1,441	1,441
Intergovernmental Revenues	-	1,021	1,021
Miscellaneous Revenues	-	100	100
Total Receipts, Budgetary Basis	204,570	225,173	20,603
Expenditures:			
Health and Welfare	340,350	234,426	105,924
Total Expenditures, Budgetary Basis	340,350	234,426	105,924
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	127,928	\$ 127,928
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		271	
Add: Current Year Outstanding Warrants		15,707	
Ending Cash Balance		\$ 143,906	

**BLAINE COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS—**  
**REMAINING AGGREGATE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Beginning Cash Balances July 1, 2014	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2015
Remaining Aggregate Funds:						
County Building Fund	\$ 47,816	\$ 8,250	\$ -	\$ -	\$ 629	\$ 55,437
Emergency Management	56,821	38,850	-	-	35,178	60,493
County Clerk Records Preservation Fee	49,620	35,321	-	-	9,570	75,371
County Clerk Lien Fee	33,240	50,389	-	-	8,798	74,831
Treasurer Mortgage Tax Certification Fee	17,492	1,390	-	-	6,318	12,564
Sheriff Prisoner Revolving (D.O.C. Fund)	43,254	54,084	-	-	40,164	57,174
Assessor Visual Inspection	1,721		-	-	-	1,721
Resale Property	113,052	57,676	3,383	-	46,293	127,818
Assessor Revolving	6,191	6,275	-	-	4,896	7,570
Canton Lake Patrol	21,774	14,593	-	-	20,000	16,367
Lodging Tax	123,541	70,881	-	-	51,998	142,424
Sheriff Seizure (Drug Seizure)	169	16,551	-	-	-	16,720
Commissary	8,927	4,645	-	-	809	12,763
<b>Combined Total - Remaining Aggregate Funds</b>	<b>\$ 523,618</b>	<b>\$ 358,905</b>	<b>\$ 3,383</b>	<b>\$ -</b>	<b>\$ 224,653</b>	<b>\$ 661,253</b>

**BLAINE COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**1. Budgetary Schedules**

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

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

**2. Remaining County Funds**

Remaining aggregate funds as presented on the financial statement are as follows:

County Building Fund – accounts for collections of rent on county owned buildings and disbursements are for building maintenance.

Emergency Management – accounts for the receipts and disbursement of funds from state and local government for civil defense purposes.

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed in the County Clerk's office as restricted by statute for preservation of records.

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

Sheriff Prisoner Revolving (D.O.C. Fund) – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

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

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

**BLAINE COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Canton Lake Patrol – accounts for state funds used for the patrol of the Canton Lake area.

Lodging Tax – accounts for a 5% hotel/motel tax used only for maintenance of the fairgrounds.

Sheriff Seizure (Drug Seizure) – accounts for property forfeited to the Sheriff from the arrest involving illegal use of drugs and disbursements are to be used for intervention and prevention of narcotics use.

Commissary – accounts for the collections of the sale of items to inmates and disbursements to purchase commissary goods from the vendor and can be used for the maintenance and operation of the County jail.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

TO THE OFFICERS OF  
BLAINE COUNTY, OKLAHOMA

We have audited, in accordance with the 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, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Blaine County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statement, which collectively comprises Blaine County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 28, 2016.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2015, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Blaine County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Blaine County's internal control. Accordingly, we do not express an opinion on the effectiveness of Blaine County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2015-1 and 2015-4.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Blaine County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-4.

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

## **Blaine County's Responses to Findings**

Blaine County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Blaine County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 28, 2016

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Finding 2015-1 – County-Wide Controls (Repeat Finding)**

**Condition:** When assessing the county-wide controls the following weaknesses were noted:

- Documentation of county-wide internal controls has not been prepared over risk management and monitoring.

**Cause of Condition:** Management has not prepared the documentation of county-wide controls.

**Effect of Condition:** Without written documentation of the county-wide controls, it is more difficult to retain organizational knowledge, communicate that knowledge to personnel, and indicate the internal controls that are present and monitor those controls as noted in 3.10 and 3.11 of the Green Book.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommend that the County document the county-wide controls in a written format. We further recommend that the documentation address the 17 principles that cover Control Environment, Risk Assessment, Control Activities, Information and Communication, Control Activities, and Monitoring.

**Management Response:**

**County Clerk:** I will recommend the Chairman of the BOCC create a committee to work on documentation of county-wide controls.

**County Treasurer:** All the elected officers are meeting more often to come up with the development and maintenance of its county-wide controls.

**District 1 Commissioner:** We will do what is necessary to document our internal control framework.

**District 2 Commissioner:** I will work with the other officers to implement some measures to create the documentation of county-wide controls.

**District 3 Commissioner:** I will get together with the other officers and begin the process to document the 17 principles of the internal control framework.

**County Sheriff:** I agree to participate and attend meetings in order to address the internal control framework documentation.

**County Assessor:** The Blaine County Assessor’s office has put into place documentation the county-wide controls in a written format. We will address the 17 principles that cover Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Criteria:** Management is responsible for the development and maintenance of its internal control system. The internal control system provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being satisfied. Internal controls also serve as the first line of defense in the safeguarding of assets and preventing and detecting errors and fraud.

**Finding 2014-4 - Inadequate Internal Controls and Noncompliance Over the Purchasing Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County’s purchasing process, the following weaknesses were noted in the requisitioning and encumbering of purchase orders:

- The purchase order number is manually assigned prior to encumbering of the funds.
- An employee who is not the Purchasing Agent prepares purchase orders.
- Documentation for requisitioning a purchase order is not obtained prior to encumbering the funds.
- The date is preprinted next to the requisitioning signature and does not reflect the date the requisitioning line was signed.
- The funds are encumbered the day after the purchase order is prepared; thus, items may be purchased prior to encumbrance of funds.

Additionally, the following weaknesses were noted in the designation of receiving officers:

- The County Clerk has designated more than two employees to act as receiving officers in her office.
- The Court Clerk has designated more than two employees to act as receiving officers in her office.

The test of sixty-eight (68) purchase orders reflected the following weaknesses in internal controls:

- Two (2) instances in which the purchase order did not have adequate documentation to support the expenditure.

Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
County Highway Cash (D3)	284	324	08/24/14	\$5,158.61
County Health Department	3314	173	06/24/14	\$15,333.33

- Three (3) instances in which the purchase order was not encumbered prior to the date on the vendor’s invoice.

Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
County General Fund	2258	1802	02/09/15	\$317.50
County Highway Cash (D3)	3233	2037	05/26/15	\$2,283.30

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
Lodging Tax	3446	109	07/14/14	\$16.27

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County is in compliance with Title 19 O.S. § 1503 and 1505(C).

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

**Recommendation:** OSAI recommends that all purchase orders be prepared by the Purchasing Agent after receipt of the requisition from the requisitioning officer. The County Clerk shall then encumber the funds and assign a purchase order number in accordance with Title 19 O.S. § 1505(C) and 1505(C)(2).

OSAI further recommends each office designate two employees to act as receiving officer for their departments in accordance with Title 19 O.S. § 1503.

**Management Response:**

**County Clerk:** We will strive to have purchase orders signed by requisitioning officers before they are in our possession. I will designate only 2 employees as receiving officers.

**District 1 Commissioner:** We will work toward finding a solution to comply with the statutes. I will make sure all adequate documentation is attached to the purchase orders.

**District 2 Commissioner:** I will recommend to the other officers that we fax or email a signed requisition to the County Clerk for her to encumber the funds prior to ordering the goods.

**District 3 Commissioner:** I will work with the other officer to comply with Title 19.

**County Assessor:** The Blaine County Assessor’s office will take proper steps to ensure that all purchase orders be prepared by the Purchasing Agent after receipt of the requisition from the requisitioning officer. We have also designated two employees to act as receiving officer for our office in accordance with Title 19 O.S. § 1503.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

Title 19 O.S. § 1505(C) states in part “...The county purchasing agent shall prepare a purchase order in quadruplicate and submit it with a copy of the requisition to the county clerk; The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order...”

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Title 19 O.S. § 1503 states in part "...Each county officer shall designate two (2) employees to act as receiving officers for their departments...."

Title 19 O.S. § 1505(C)(2) requires that funds be encumbered prior to the ordering of goods or services.

**SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2015-11 - Inadequate Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding)**

**Condition:** Upon inquiry of employees and review of records, we noted that the following offices did not maintain evidence that an annual physical verification of fixed assets was performed:

- District 1 Commissioner
- District 2 Commissioner
- District 3 Commissioner
- County Sheriff
- County Assessor
- County Clerk

Additionally, a review of County Sheriff fixed assets indicated that 3 of the 10 items selected were not properly marked as County property.

- B-331.12      2000 Crown Victoria
- B-331.22      2011 Ford Truck
- B-348.01      2002 Trailer

**Cause of Condition:** Policies and procedures have not been designed and implemented by county officers to document annual fixed assets inventory counts and properly mark equipment.

**Effect of Condition:** These conditions resulted in noncompliance with state statute. When fixed assets are not monitored and equipment is not properly marked with identification numbers and "Property of Blaine County," opportunities for misuse or loss of equipment can occur.

**Recommendation:** OSAI recommends that management implement internal controls to ensure compliance with Title 19 O.S. § 178.1 and that fixed assets are safeguarded against misuse and loss. OSAI additionally recommends that management implement internal controls to ensure compliance with Title 69 O.S. § 645 to properly mark equipment.

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Management Response:**

**County Clerk:** I will make sure to keep documentation of an annual review of fixed assets.

**District 1 Commissioner:** I will keep documentation of our review of fixed assets.

**District 2 Commissioner:** I will have someone other than the record keeper review a list of fixed assets and make sure all equipment is marked "Property of" and has the ID number attached. I will maintain documentation of this review.

**District 3 Commissioner:** I will keep documentation of our review of fixed assets.

**County Sheriff:** I will keep documentation of our review of fixed assets and make sure all equipment is marked.

**County Assessor:** The Blaine County Assessor's office is implementing internal controls to ensure compliance with Title 19 O.S. § 178.1 and that fixed assets are safeguarded against misuse and loss. We are also implementing internal controls to ensure compliance with Title 69 O.S. § 645 to properly mark equipment.

**Criteria:** Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Title 19 O.S. § 178.1 requires the county to have a system of identification for the inventory of fixed assets.

Title 69 O.S. § 645 requires that County-owned automobiles, trucks, road machinery and equipment be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY.

**Finding 2015-12 - Inadequate Internal Controls and Noncompliance Over Consumable Inventories (Repeat Finding)**

**Condition:** Upon inquiry of the recordkeeping processes regarding consumable inventory, it was noted that the District 3 Commissioner had not maintained records to track the use or balances of consumable inventory items since June 30, 2015.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to accounting for and safeguarding the consumable items that are purchased by District 3 Commissioner.

**Effect of Condition:** This condition resulted in noncompliance with the state statute. When consumable inventory items are not adequately accounted for and safeguarded there is an opportunity for misappropriation and undetected errors.

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Recommendation:** OSAI recommends that the County implement policies and procedures to ensure compliance with Title 19 O.S. § 1504A, which would provide assurance that the consumable items of the County are protected from loss and misuse.

**Management Response:**

**District 3 Commissioner:** I will work harder at keeping our consumable inventory up to date.

**Criteria:** Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Title 19 O.S. § 1504A provides guidance with regard to accounting for the consumable items.



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