

# CARTER COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

# COUNTY AUDIT



Jeff A. McMahan

Oklahoma State Auditor  
& Inspector

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

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**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

JEFF A. McMAHAN  
State Auditor and Inspector

June 4, 2008

TO THE CITIZENS OF  
CARTER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Carter County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

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

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

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

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

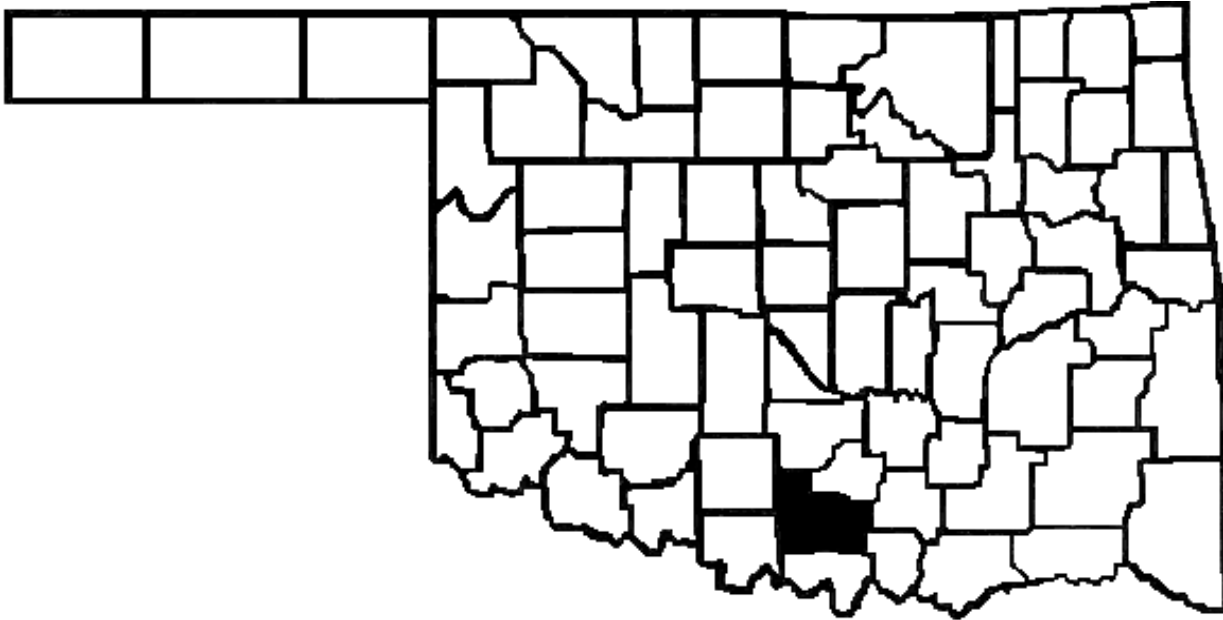
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**REPORT TO THE CITIZENS  
OF  
CARTER COUNTY, OKLAHOMA**

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Carter County was formerly a part of Pickens County, Chickasaw Nation, Indian Territory. Named for a prominent early-day family, the county ranges from hilly, rugged terrain in the north, exemplified by the Arbuckle Mountains, to rolling plains with productive oil fields in the south.

Ardmore, the county seat, located midway between Dallas and Oklahoma City on Interstate 35, is the site of the Michelin North America Tire Plant, Ardmore Higher Education Center, Ardmore Area Vocational-Technical School, and the Noble Foundation. The Joe Brown Co., Ultimar Diamond Shamrock, Bluebonnet Milling Co., Sunshine Industries, and major distribution centers for Best Buy, Dollar General, and Circuit City are also located in Ardmore.

Healdton, located in western Carter County, was the site of the Healdton Field which, at its peak in 1916, produced an estimated 95,000 barrels of crude oil per day.

Lake Murray Resort, located seven miles south of Ardmore, offers recreational and conference facilities on a year-round basis. For additional county information, call the county clerk's office at (580)223-8162.

County Seat – Ardmore

Area – 833.72 Square Miles

County Population – 47,087  
(2004 est.)

Farms – 1,353

Land in Farms – 430,706 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

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

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**COUNTY ASSESSOR**

Sam West  
(D) Ardmore

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**

Cynthia Harmon  
(D) Ardmore

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.

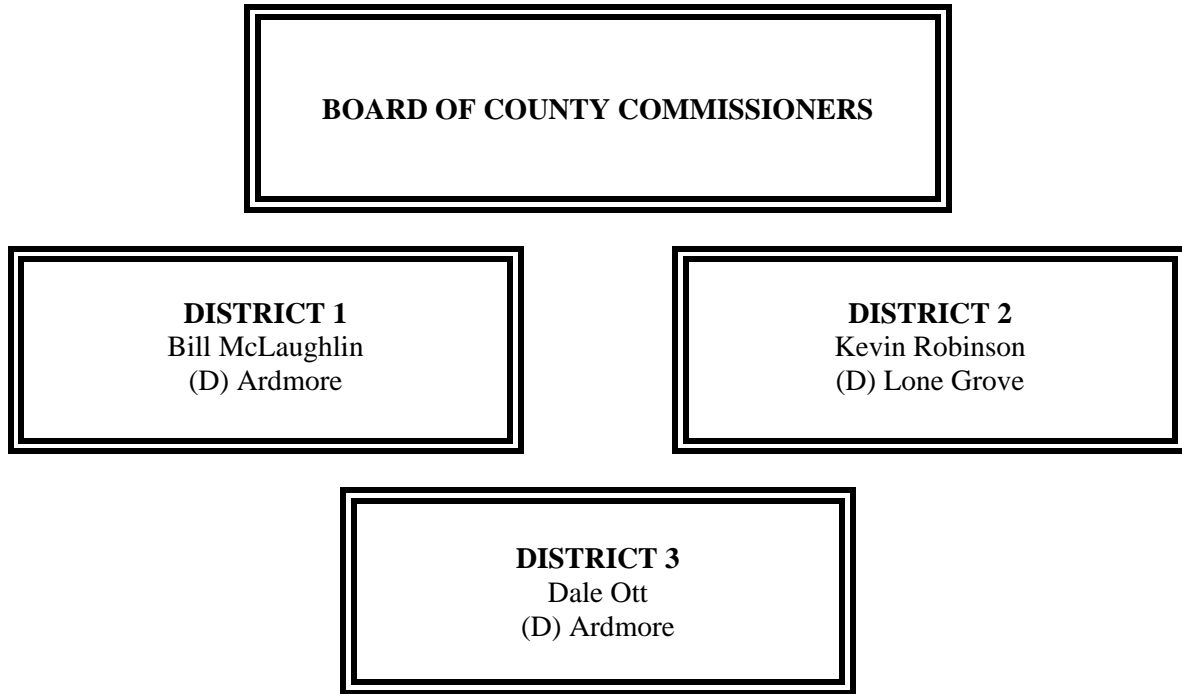
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

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

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

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

See independent auditor's report.



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

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**COUNTY SHERIFF**

Harvey Burkhart  
(D) Dickson

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**

LaDonna Miller  
(D) Ardmore

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.

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

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**COURT CLERK**

Karen Volino  
(D) Ardmore

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**

Mitch Sperry (through Dec. 2005)  
(D) Ardmore  
Craig Ladd (January 2006 to present)  
(D) Ardmore

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.

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

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**ELECTION BOARD SECRETARY**

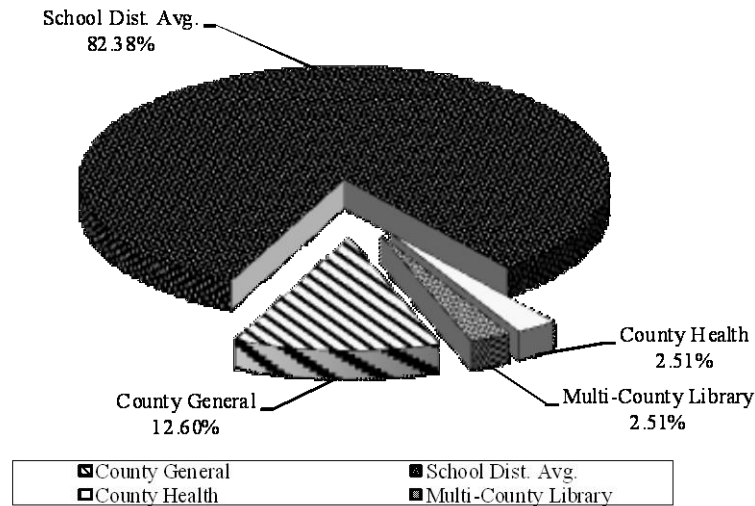
Mina Howard  
(D) Ardmore

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.

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

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



County-Wide Millages			School District Millages							
			Career							
County General	10.32			Gen.	Bldg.	Skg.	Tech	Common	Total	
County Health	2.06	Ardmore	I-19	35.83	5.12	15.76	10.32	4.13	71.16	
Multi-County Library	2.06	Springer	I-21	36.04	5.15	3.24	10.32	4.13	58.88	
		Plainview	I-27	35.80	5.11	20.03	10.32	4.13	75.39	
Cities and Towns			Lone Grove	I-32	36.82	5.26	29.38	10.32	4.13	85.91
		Wilson	I-43	37.04	5.29	14.47	10.32	4.13	71.25	
Ardmore Sinking	2.51	Healdton	I-55	36.74	5.25	20.79	10.32	4.13	77.23	
		Zaneis	I-72	36.42	5.20		10.32	4.13	56.07	
Other			Fox	I-74	36.18	5.17	2.97	10.32	4.13	58.77
		Dickson	I-77	37.20	5.31	19.21	10.32	4.13	76.17	
BMS SD 43, 55, 72, 74	3.25	Davis	I-10	35.94	5.13		10.32	4.13	55.52	
		Mannsville	I-7	35.53	5.08		10.32	4.13	55.06	
		Velma Alma	I-15	37.33	5.33	8.92	12.80	4.13	68.51	

See independent auditor's report.

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

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Total net assessed value as of January 1, 2005		<u>\$ 257,154,445</u>
Debt limit - 5% of total assessed value		12,857,722
Total bonds outstanding	1,260,000	
Total judgments outstanding		
Less cash in sinking fund	<u>3,192</u>	<u>1,256,808</u>
Legal debt margin		<u>\$ 11,600,914</u>

See independent auditor's report.

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

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	<u>2006</u>
Estimated population	<u>47,087</u>
Net assessed value as of January 1, 2005	<u>\$ 257,154,445</u>
Gross bonded debt	1,260,000
Less available sinking fund cash balance	<u>3,192</u>
Net bonded debt	<u>\$ 1,256,808</u>
Ratio of net bonded debt to assessed value	<u>0.49%</u>
Net bonded debt per capita	<u>\$ 26.69</u>

See independent auditor's report.

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

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<b>Valuation Date</b>	<b>Personal</b>	<b>Public Service</b>	<b>Real Estate</b>	<b>Homestead Exemption</b>	<b>TIF Exemption</b>	<b>Net Value</b>	<b>Estimated Fair Market Value</b>
1/1/2005	\$76,665,925	\$45,484,125	\$159,317,920	\$11,242,704	\$13,070,821	\$257,154,445	\$2,173,278,064

See independent auditor's report.

## **FINANCIAL SECTION**





**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

**JEFF A. McMAHAN**  
State Auditor and Inspector

**Independent Auditor's Report**

**TO THE OFFICERS OF  
CARTER COUNTY, OKLAHOMA**

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Carter County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Carter 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 Carter County as of June 30, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Carter County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2008, on our consideration of Carter 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

May 12, 2008

## **Basic Financial Statement**

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

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
<b>Combining Information:</b>				
County General Fund	\$ 1,078,380	\$ 3,431,113	\$ 3,354,792	\$ 1,154,701
T-Highway	3,045,845	6,027,509	5,645,931	3,427,423
Sales Tax Revolving	1,582,220	1,741,915	1,288,674	2,035,461
County Health	440,847	725,432	702,858	463,421
Community Service	474			474
Assessor's Revolving	3,776	5,282	6,239	2,819
Assessor's Visual Inspection	1,566			1,566
Assessor Computer Upgrade	130			130
Mech Liens	68,569	29,580	10,010	88,139
Sheriff Service Fee	96,980	220,038	199,135	117,883
Community Development Block Grant	112,966	143,524	256,490	
Sheriff Drug Enforcement	8,463	450	8,463	450
Board of Prisoners	297,764	564,634	553,400	308,998
Mortgage Certification Fee	34,369	13,780	7,789	40,360
Resale Property	139,963	191,898	148,229	183,632
FEMA	30,295	20,682	11,941	39,036
Work Restitution	1,430	25		1,455
County Roads and Improvements	512,418	8,759		521,177
Trash Cop	797			797
Health Special Events	15,794	47,874	28,303	35,365
OSU Computer Upgrade	223			223
Enhanced 911	125,988	99,636	118,849	106,775
County Clerk Preservation	82,459	77,855	9,226	151,088
Estray Animal	2,268		46	2,222
Carter County Housing Finance	974			974
General Obligation Bond Sinking	18,383	323		18,706
County Sinking	3,117	75		3,192
<b>Combined Total—All County Funds</b>	<b>\$ 7,706,458</b>	<b>\$ 13,350,384</b>	<b>\$ 12,350,375</b>	<b>\$ 8,706,467</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

Sales Tax Revolving – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

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

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

Assessor's Revolving – accounts for the collection of fees for copies restricted by state statute.

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

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

Assessor Computer Upgrade – accounts for collections made within the Assessor's office for the purpose of purchasing computer equipment.

Mech Liens – accounts for lien collections and disbursements as restricted by state statute.

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

Community Development Block Grant – accounts for federal grant monies received from the Oklahoma Department of Commerce and disbursements as restricted by the grant agreement.

Sheriff Drug Enforcement – accounts for the collection of the Sheriff's percentage of drug forfeiture.

Board of Prisoners – accounts for the monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

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

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

FEMA – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

Work Restitution – accounts for fines collected for tardiness at district court. Disbursements are restricted by order of the judge.

County Roads and Improvements – accounts for state grant monies received from the Oklahoma Department of Transportation for road and bridge projects.

Trash Cop – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Health Special Events – accounts for donations received to host special health events not funded by the County.

OSU Computer Upgrade – accounts for state grant monies and donations received to purchase computer equipment for the OSU Extension.

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

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Enhanced 911 – accounts for state grant funds received for the purpose of implementing a 911 service.

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

Estray Animal – accounts for the collections of selling cattle found and unclaimed. Disbursements are made to pay for the sale of cattle with excess funds being transferred to the general fund.

Carter County Housing Finance – accounts for Home Investment Partnership Program grant funds received and the disbursement of funds as restricted by grant agreement.

Government Obligation Bond Sinking – accounts for the excess proceeds for the sale of general obligation bonds for the Ardmore Development Authority. Disbursements may be made for the retirement of the obligation.

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

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

**C. Basis of Accounting**

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

**D. Budget**

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

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

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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
- 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**

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and must be taken during the year earned.



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

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

<u>Years of Service</u>	<u>Vacation Leave</u>
0 – 11 Years	10 days
Over 12 Years	15 days

Sick leave is accrued on a monthly basis. Sick leave shall accumulate at the rate of 8 hours each full calendar month of service and may be accrued up to a maximum of 90 days.

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2005, was approximately \$257,154,445.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.32 mills for general fund operations, 2.06 mills for county health department, and 2.06 mills for multi-county library. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2006, were approximately 95.22 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

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

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special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

**4. Risk Management**

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

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers Liability</li> <li>• Vehicle</li> </ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		
Workers' Compensation <ul style="list-style-type: none"> <li>• Employees' Injuries</li> </ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	The County carries commercial insurance.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$25,000 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.

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

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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.

**General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The County issued general obligation bonds March 1, 2003. The general obligation bonds will be used for the construction and expansion of four manufacturing businesses: Southwest Silicon, Michelin, IMTEC, and MMI. These manufacturing companies will pay rent, which will be used to pay the interest and principle of the bonds upon maturity. The County has no tax levy for the retirement of these bonds. The bond payments are set up in a bank account through Bancfirst and are not reflected on the County's general ledger.

General obligation bonds are direct obligations and pledge full faith and credit of the government. These bonds are required to be paid in full within 25 years from the date of issue. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Carter County General Obligation Bonds of 2000	5.8% - 6.0%	\$1,260,000

Annual debt service requirements to maturity for general obligation bonds, including interest of \$263,235 are as follows:

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

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Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 210,000	\$ 74,970	\$ 284,970
2008	210,000	62,580	272,580
2009	210,000	50,190	260,190
2010	210,000	37,695	247,695
2011	210,000	25,200	235,200
2012	<u>210,000</u>	<u>12,600</u>	<u>222,600</u>
Total	<u>\$1,260,000</u>	<u>\$263,235</u>	<u>\$1,523,235</u>

**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004, were \$452,861, \$364,607, and \$338,892, 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.

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

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**8. Sales Tax**

The voters of Carter County approved a ¼% sales tax effective November 1999. This sales tax does not expire. The sales tax was established to provide revenue for the following: county roads, bridges and equipment, 33.34%; county general, 33.33%; and law enforcement 33.33%.

**9. Contingent Liabilities**

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

**CARTER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,078,380	\$ 1,078,380	\$ 1,078,380	\$ -
Less: Prior Year Outstanding Warrants	(220,705)	(220,705)	(220,705)	
Less: Prior Year Encumbrances	(624,296)	(624,296)	(52,672)	571,624
Beginning Cash Balances, Budgetary Basis	233,379	233,379	805,003	571,624
Receipts:				
Ad Valorem Taxes	2,412,576	2,412,576	2,488,042	75,466
Charges for Services	377,288	379,169	264,540	(114,629)
Intergovernmental Revenues	495,834	495,834	534,989	39,155
Miscellaneous Revenues	100,789	100,789	143,542	42,753
Total Receipts, Budgetary Basis	3,386,487	3,388,368	3,431,113	42,745
Expenditures:				
District Attorney	28,119	30,000	27,607	2,393
Total District Attorney	28,119	30,000	27,607	2,393
County Sheriff	560,826	560,826	557,581	3,245
Capital Outlay	5,000	5,000	4,982	18
Total County Sheriff	565,826	565,826	562,563	3,263
County Treasurer	117,230	117,230	115,989	1,241
Total County Treasurer	117,230	117,230	115,989	1,241
County Commissioners	43,002	43,002	31,761	11,241
Capital Outlay	1	1		1
Total County Commissioners	43,003	43,003	31,761	11,242
OSU Extension	73,327	73,327	72,120	1,207
Capital Outlay	1	1		1
Total OSU Extension	73,328	73,328	72,120	1,208
County Clerk	243,521	243,521	237,000	6,521
Capital Outlay	1	1		1
Total County Clerk	243,522	243,522	237,000	6,522
Court Clerk	245,891	245,891	245,666	225
Total Court Clerk	245,891	245,891	245,666	225
County Assessor	98,647	98,647	98,071	576
Total County Assessor	98,647	98,647	98,071	576

continued on next page

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

**CARTER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	330,478	330,478	327,989	2,489
Capital Outlay	38,771	38,771	38,771	
Total Revaluation of Real Property	369,249	369,249	366,760	2,489
General Government	840,754	840,754	614,663	226,091
Capital Outlay	1	1		1
Total General Government	840,755	840,755	614,663	226,092
Excise-Equalization Board	4,201	4,201	2,930	1,271
Total Excise-Equalization Board	4,201	4,201	2,930	1,271
County Election Board	111,383	111,383	110,439	944
Capital Outlay	1	1		1
Total County Election Board	111,384	111,384	110,439	945
County Detention Sheriff	744,895	744,895	742,780	2,115
Capital Outlay	100,500	100,500	100,465	35
Total County Detention Sheriff	845,395	845,395	843,245	2,150
County Audit Budget Account	25,716	25,716	25,716	
Total County Audit Budget Account	25,716	25,716	25,716	-
County Cemetery	2,600	2,600	2,600	
Total County Cemetery	2,600	2,600	2,600	-
Free Fair Budget	5,000	5,000	5,000	
Total Free Fair Budget	5,000	5,000	5,000	-
Provision for Interest on Warrants	-	-	384	(384)
Total Expenditures, Budgetary Basis	3,619,866	3,621,747	3,362,514	259,233
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	873,602	\$ 873,602
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			120,286	
Add: Current Year Outstanding Warrants			160,813	
Ending Cash Balance			<u>\$ 1,154,701</u>	

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



**CARTER 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, 2006**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 440,847	\$ 440,847	\$ 440,847	\$ -
Less: Prior Year Outstanding Warrants	(34,808)	(34,808)	(34,808)	
Less: Prior Year Encumbrances	(52,998)	(52,998)	(39,502)	13,496
Beginning Cash Balances, Budgetary Basis	353,041	353,041	366,537	13,496
Receipts:				
Ad Valorem Taxes	481,580	481,580	496,631	15,051
Charges for Services		223,323	221,616	(1,707)
Intergovernmental	4,161	4,161	304	(3,857)
Miscellaneous Revenues			6,881	6,881
Total Receipts, Budgetary Basis	485,741	709,064	725,432	16,368
Expenditures:				
Health and Welfare	593,504	816,827	577,525	239,302
Capital Outlay	245,278	245,278	120,031	125,247
Total Expenditures, Budgetary Basis	838,782	1,062,105	697,556	364,549
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	394,413	\$ 394,413
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			63,237	
Add: Current Year Outstanding Warrants			5,771	
Ending Cash Balance			\$ 463,421	

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

**CARTER COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES—SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Beginning Cash Balance	<u>\$ 3,117</u>
Receipts:	<u>75</u>
Total Receipts	<u>75</u>
Disbursements:	<u></u>
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 3,192</u></u>

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

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

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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. Sinking Fund Schedule**

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

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

JEFF A. McMAHAN  
State Auditor and Inspector

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

TO THE OFFICERS OF  
CARTER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Carter County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Carter County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 12, 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 Carter County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Carter County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2006-1 and 2006-2.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carter County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2006-3.

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

This report is intended solely for the information and use of the management of the 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

May 12, 2008

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

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

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation are important elements of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

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

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

**Finding 2006-2—Inmate Trust Fund (Repeat Finding)**

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Condition: Inmate Trust Fund records were not maintained to reconcile inmates' balances to the bank statements on a monthly basis.

Effect: This condition could result in errors and improprieties.

Recommendation: We recommend that the Sheriff maintain inmate balances in a manner to be reconciled to the bank statements each month.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. The Sheriff's Office will work to correct this matter.

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

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**Finding 2006-3—Pledged Securities**

Criteria: Title 62 O.S. § 511 states, “Any custodian of public fund of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall here after, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such FDIC.” Title 62 O.S. § 513 states, “...treasurers of counties...having custody, control, and management of any public or trust fund or funds charged with safe keeping and deposit of said fund...in an amount and to the extent that such deposit is fully insured by the Federal Savings and Loan Insurance Corporation or any other instrumentality of the United States Government. Title 19 O.S. § 121 states, “ the county treasurers shall take from each such bank security in a sum equal to the largest approximate amount that may be deposited in each bank respectively at any one time.

Condition: The County’s bank account balances were under pledged in the amount of \$1,310,502.45, as of December 31, 2005.

Effect: This could result in the loss of County funds.

Recommendation: We recommend the County Treasurer monitor county pledges routinely to ensure that deposits are adequately secured.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We have developed a spreadsheet to be updated on a daily basis in order to stay aware of this concern.

**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 2006-4 – Consumable Inventory**

Criteria: Statutory requirements have been established for inventory control of supplies and materials used in county government. Title 19 O.S. § 1502 prescribes the procedures to be used to account for supplies and materials used in the construction and maintenance of roads and bridges.



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

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Condition: Discrepancies were noted when comparing District Barn consumable records to the physical counts.

<b>District</b>	<b>Item</b>	<b>Variance Long (Short)</b>	<b>Details</b>
1	Fuel	(140)	Diesel
1	Fuel	(201)	Unleaded
3	Fuel	(70)	Unleaded
3	Fuel	29	Diesel

Effect: This condition could result in unrecorded transactions and misappropriation of assets.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. We will work to investigate the discrepancies noted and implement procedures to timely detect and correct variances noted regarding consumable inventories.

**Finding 2006-5—Fixed Assets Inventory**

Criteria: Statutory requirements have been established for inventory control in county government. Title 19 O.S. § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...."

Condition: All offices do not perform a biennial verification of the fixed assets inventory.

Effect: This condition could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

Views of responsible officials and planned corrective actions: All Officers will work to compile a complete listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896**

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