CRAIG COUNTY

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

COUNTY AUDIT

Oklahoma State Auditor & Inspector

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

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STATE AUDITOR AND INSPECTOR

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State Auditor

MICHELLE R. DAY, ESQ.
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December 31, 2009

TO THE CITIZENS OF
CRAIG COUNTY, OKLAHOMA

Transmitted herewith is the audit of Craig 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,

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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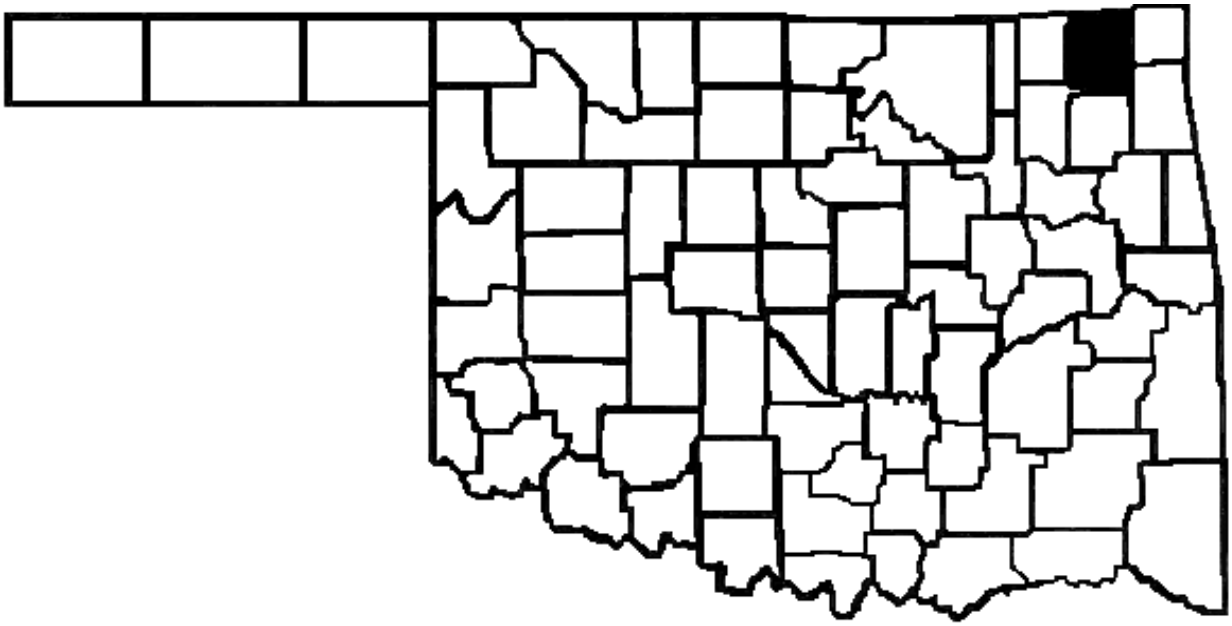
REPORT TO THE CITIZENS
OF
CRAIG COUNTY, OKLAHOMA



Craig County was created at statehood. Named for Granville Craig, a prominent Cherokee, this area was part of the Cherokee Nation. Vinita, the county seat, was established in 1891 at the junction of the Missouri, Kansas, and Texas Railroad (KATY) and the Atlantic and Pacific Railroad, (later the Frisco), the first rail lines to enter Oklahoma.

County Seat – Vinita

Area – 762.71 Square Miles

County Population – 14,873
(2004 est.)

Farms – 1,289

Land in Farms – 435,804 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

COUNTY ASSESSOR
Kelli Beisly-Minson

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
Tammy Malone

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.

BOARD OF COUNTY COMMISSIONERS

DISTRICT 1
Roy Bible

DISTRICT 2
Marion Floyd

DISTRICT 3
Dan Peetoom

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.

COUNTY SHERIFF
Jimmie L. Sooter

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
Lisa Washam

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.

COURT CLERK
Patricia Byers

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
Gene Haynes

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.

ELECTION BOARD SECRETARY
Debbie Davenport

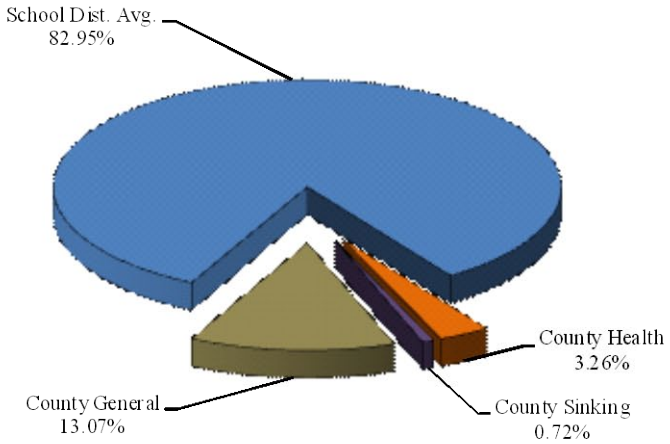
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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.

See independent auditor's report.

CRAIG 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

County General	10.37
County Health	2.59
County Sinking	0.57

School District Millages

		Gen.	Bldg.	Bldg Fund	Skg.	EMS	Career Tech	Common	Total
White Oak	I-1	38.45	5.49	1.00			10.37	4.15	59.46
Chelsea	I-3	37.14	5.31	1.00	21.61		10.37	4.15	79.58
Cleora	D-6	36.77	5.26	1.00		3.00	10.37	4.15	60.55
Ketchum	I-6	36.01	5.14	1.00	4.61		10.37	4.15	61.28
Welch	I-17	35.66	5.09	1.00	15.51		10.37	4.15	71.78
Bluejacket	I-20	36.99	5.28	1.00			10.37	4.15	57.79
Afton	I-26	36.82	5.26	1.00	6.09		10.37	4.15	63.69
Vinita	I-65	36.08	5.15	1.00	16.17		10.37	4.15	72.92

See independent auditor's report.

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

Total net assessed value as of January 1, 2005		$ 70,369,336
Debt limit - 5% of total assessed value		3,518,467
Total bonds outstanding	-	
Total judgments outstanding	$36,298	
Less cash in sinking fund	40,366	-
Legal debt margin		$ 3,518,467

See independent auditor's report.

CRAIG 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)

	2006
Estimated population	14,873
Net assessed value as of January 1, 2005	$ 70,369,336
Gross bonded debt	-
Less available sinking fund cash balance	40,366
Net bonded debt	$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	$ -

See independent auditor's report.

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

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2005	$11,463,408	$13,843,008	$48,881,026	$3,818,106	$70,369,336	$586,411,133

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy

2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF
CRAIG COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Craig 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 Craig 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.

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 Craig 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 Craig 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 July 30, 2009, on our consideration of Craig 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.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 30, 2009

Basic Financial Statement

CRAIG 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
Combining Information:				
County General	$ 613,677	$ 2,463,925	$ 2,201,330	$ 876,272
Highway Cash	385,208	2,105,131	2,089,496	400,843
County Health	427,254	410,551	460,595	377,210
Resale Property	67,162	34,370	19,560	81,972
DOC Board of Prisoners	1,780	18,002	17,169	2,613
CSSP (Community Sentencing)	19,919	40,804	26,801	33,922
Sheriff Service Fee	36,388	172,352	169,580	39,160
County Clerk Lien Fee	2,273	1,499	556	3,216
Treasurer MTG Fee	26,645	4,160	1,776	29,029
County Fair Board	25,901	566	1,480	24,987
Assessor Visual Inspection	12,470	373	2,349	10,494
Assessor Fees	2,972	4,145	2,735	4,382
Sheriff Drug Buy	237			237
Sheriff Drug Enforcement	2,534	59,361	52,562	9,333
Record MGMT Preservation	31,859	17,085	17,324	31,620
Sales Tax - Bldg.	92,636	1,180,166	1,179,216	93,586
Ambulance Grant	169	25	25	169
County Sinking Fund	1,432	38,997	63	40,366
Flood Plains Board		500	30	470
Juvenile Transport	1,461	4,448	2,380	3,529
Jail Commissary Account		29,648	18,293	11,355
Combined Total--All County Funds	$ 1,751,977	$ 6,586,108	$ 6,263,320	$ 2,074,765

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

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 Craig 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 – revenues are from ad valorem taxes, sales tax, officers' fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

County Health – revenues are from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds. Disbursements are for the operation of the county health department.

Resale Property – revenues are from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

DOC Board of Prisoners – accounts for the monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners and for service fees received for transportation of inmates and juveniles.

CSSP (Community Service Sentencing Program) – revenues are from state funds reimbursing the administrative expenses of people sentenced to community service.

Sheriff Service Fees – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

County Clerk Lien Fee – revenues are from a fee charged by the Clerk for filing liens. Disbursements are for any lawful expense of the Clerk's office.

Treasurer Mortgage Certification Fees – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

County Fair Board – accounts for donations and rental fees collected at the fairgrounds. Funds are spent on premiums and improvements.

Assessor Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-evaluation of all county property for ad valorem purposes.

Assessor Fees – revenues are from fees charged by the County Assessor (copies, etc.). Disbursements are for any legal expenses of the Assessor's office.

Sheriff Drug Buy – accounts for drug forfeiture money returned by the District Attorney and used by informants to purchase illegal drugs for possible convictions.

Sheriff Drug Enforcement – accounts for donations spent to fight illegal drug possession and use.

Record MGMT Preservation – revenues are from a fee charged by the Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

Sales Tax – accounts for the one-cent sales tax collected to build a new courthouse. The funds are paid to the Craig County Governmental Building Authority.

Ambulance Grant – revenues are from a state grant. Disbursements were for the purchase of an ambulance.

County Sinking Fund – revenues are derived from an ad valorem tax levy and disbursements are for payments of interest and principal on judgments.

Flood Plains Board – funding is received from flood plain permit fees obtained from mortgages. Disbursements are for the flood plain.

Juvenile Transport – revenues are received from a state grant. Disbursements are for the transportation of juveniles and to pay the deputies an hourly wage to transport the juveniles.

Jail Commissary Account – accounts for monies collected (from prisoners) and used as a checking account for the prisoners to make purchases during their incarceration.

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.

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, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

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

Vacation benefits are earned by the employee during the year. Employees with service years up to 5 years earn 10 days per year with accumulation limits of 30 days. Employees with service years exceeding 5-10 years earn 15 days per year with accumulation limits of 60 days. Vacation leave is accrued monthly.

Sick leave benefits are accrued at the rate of 8 hours per month and employees may accumulate up to 130 days. Sick leave is not paid upon termination.

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 $70,369,336.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.37 mills (the legal maximum) for general fund operations, 2.59 mills for county health department, and .57 mill for county sinking fund. In addition, the County collects the ad valorem taxes assessed by emergency medical districts, 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 95.43 percent of the tax levy.

3. Fuel Tax

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

4. Risk Management

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

Types of Loss	Method of Management	Risk of Loss Retained
General Liability • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle Physical Plant • Theft • Damage to Assets • Natural Disasters	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.

Types of Loss	Method of Management	Risk of Loss Retained
Workers' Compensation • Employees' Injuries	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee • Medical • Disability • Dental • Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a $10,000, $25,000, or a $50,000 deductible amount. The County has chosen a $10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to $100,000 for property and up to $500,000 for general liability. The pool has acquired commercial reinsurance in the amount of $1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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

5. Long-term Obligations

Capital Leases

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

Judgments

The County has a judgment which is being retired by a tax levy. The County was obligated to pay this judgment over a three-year period.

Case Number	Original Judgment
CJ-99-4349	$108,895

During the year ended June 30, 2006, the County did not make any payments on the judgment. The final payment will be made in September 2006. Future principal and interest payments due on the existing judgment are $36,298 principal and $3,169 interest, for a total of $42,058.

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 $239,307, $192,482, and $189,372, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

9. Restatement Prior Year Ending Balance

Due to the reclassification of funds for fiscal year ending June 30, 2005, the ending balance as reported is different than the June 30, 2006, beginning balance. The difference is due to one fund reported as trust and agency funds that should have been county funds and one fund reported as county funds that should have been trust and agency funds, resulting in a decrease of $85,340.

Prior Year Ending as Reported	$1,837,317
Funds Moved to County Funds	1,461
Funds Moved to Trust and Agency Funds	(86,801)
Prior Year Ending Balance as Restated	$1,751,977

OTHER SUPPLEMENTARY INFORMATION

CRAIG 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	$ 613,677	$ 613,677	$ 613,677	$ -
Less: Prior Year Outstanding Warrants	(84,186)	(84,186)	(84,136)	50
Less: Prior Year Encumbrances	(6,228)	(6,228)	(6,196)	32
Beginning Cash Balances, Budgetary Basis	523,263	523,263	523,345	82
Receipts:				
Ad Valorem Taxes	663,391	663,391	662,432	(959)
Charges for Services	101,379	101,379	121,701	20,322
Intergovernmental Revenues	1,384,052	1,384,052	1,622,085	238,033
Miscellaneous Revenues	57,425	188,685	57,707	(130,978)
Total Receipts, Budgetary Basis	2,206,247	2,337,507	2,463,925	126,418
Expenditures:				
District Attorney	1,000	1,000	1,000	
Total District Attorney	1,000	1,000	1,000	-
County Sheriff	470,835	450,565	442,268	8,297
Capital Outlay		22,700	22,496	204
Total County Sheriff	470,835	473,265	464,764	8,501
County Treasurer	98,640	99,011	98,971	40
Total County Treasurer	98,640	99,011	98,971	40
OSU Extension	37,000	37,000	36,694	306
Total OSU Extension	37,000	37,000	36,694	306
County Clerk	108,840	107,333	106,168	1,165
Capital Outlay		2,261	1,787	474
Total County Clerk	108,840	109,594	107,955	1,639
Court Clerk	95,840	96,916	94,004	2,912
Total Court Clerk	95,840	96,916	94,004	2,912
County Assessor	41,600	42,641	42,141	500
Total County Assessor	41,600	42,641	42,141	500

continued on next page

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

CRAIG 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	111,788	101,323	99,901	1,422
Capital Outlay		10,465	10,465	
Total Revaluation of Real Property	111,788	111,788	110,366	1,422
Juvenile Shelter Bureau	12,500	12,500	5,145	7,355
Total Juvenile Shelter Bureau	12,500	12,500	5,145	7,355
General Government	253,792	254,976	208,783	46,193
Total General Government	253,792	254,976	208,783	46,193
Excise-Equalization Board	1,850	2,050	1,804	246
Total Excise-Equalization Board	1,850	2,050	1,804	246
County Election Board	51,313	51,612	51,328	284
Total County Election Board	51,313	51,612	51,328	284
Insurance	199,500	213,405	210,315	3 090
Total Insurance	199,500	213,405	210,315	3,090
Welfare Agencies	1,500	1,500		1 500
Total Welfare Agencies	1,500	1,500	-	1,500
Charity	1,000	1,000	88	912
Total Charity	1,000	1,000	88	912
Recording Account	3,000	3,000	2,455	545
Total Recording Account	3,000	3,000	2,455	545
Civil Defense	2,500	2,500		2 500
Total Civil Defense	2,500	2,500	-	2,500
Highway Account	1,059,501	1,169,501	631,145	538 356
Total Highway Account	1,059,501	1,169,501	631,145	538,356

continued on next page

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

CRAIG 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
Free Fair Account	25,000	25,000	24,973	27
Total Free Fair Account	25,000	25,000	24,973	27
County Hospital Account	17,592	17,592	17,592	
Total County Hospital Account	17,592	17,592	17,592	-
Ambulance Account	126,000	126,000	126,000	
Total Ambulance Account	126,000	126,000	126,000	-
County Audit Budget	7,419	7,419	7,419	
Total County Audit Budget	7,419	7,419	7,419	-
Provision for Interest on Warrants	1,500	1,500	2,444	(944)
Total Expenditures, Budgetary Basis	2,729,510	2,860,770	2,245,386	615,384
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	$ -	$ -	741,884	$ 741,884
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			66,502	
Add: Current Year Outstanding Warrants			67,886	
Ending Cash Balance			$ 876,272	

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

CRAIG 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	$ 427,254	$ 427,254	$ 427,254	$ -
Less: Prior Year Outstanding Warrants	(15,270)	(15,270)	(15,270)	
Less: Prior Year Encumbrances	(13,915)	(13,915)	(13,867)	48
Beginning Cash Balances, Budgetary Basis	398,069	398,069	398,117	48
Receipts:				
Ad Valorem Taxes	165,688	390,266	173,271	(216,995)
Charges for Services			83,650	83,650
Intergovernmental Revenues			142,928	142,928
Miscellaneous Revenues			10,702	10,702
Total Receipts, Budgetary Basis	165,688	390,266	410,551	20,285
Expenditures:				
Health and Welfare	323,499	548,077	455,550	92,527
Capital Outlay	240,258	240,258	12,335	227,923
Total Expenditures, Budgetary Basis	563,757	788,335	467,885	320,450
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	$ -	$ -	340,783	$ 340,783
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			34,169	
Add: Current Year Outstanding Warrants			2,258	
Ending Cash Balance			$ 377,210	

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

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

Beginning Cash Balance	$ 1,432
Receipts:	
Ad Valorem Tax	38,481
Miscellaneous Receipts	516
Total Receipts	38,997
Disbursements:	63
Total Disbursements	63
Ending Cash Balance	$ 40,366

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

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.

See independent auditor’s report.

INTERNAL CONTROL AND COMPLIANCE SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy

2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

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
CRAIG COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Craig County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Craig County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 30, 2009. 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. 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 Craig County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

deficiencies 2006-1, 2006-3, 2006-4, 2006-5, and 2006-6 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2006-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Craig County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

This report is intended solely for the information and use of the management of Craig 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. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 30, 2009

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: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of County personnel and test work performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within all County offices were not properly segregated to assure adequate internal control structure.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions 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: Management chose not to respond.

Finding 2006-3 – Encumbrances

Criteria: Statutory control procedures have been established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for maintenance, operation, and capital expenditures of county government.

Title 19 O.S. §1505.C.2 states:

> The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Title 19 O.S. §1505.C.3 states in part:

> …In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.

Condition: In the testing of 58 purchase orders, six instances were noted in which goods or services were received prior to encumbering of funds.

A) One was noted in the Highway Fund for a total of $300.82.
B) One was noted in the Health Fund for a total of $15.00.
C) One was noted in the CSSP M & O Fee for a total of $25.06.
D) One was noted in the Jail Commissary Account for a total of $576.38.
E) One was noted in the Free Fair M & O Fee for a total of $304.40.
F) One was noted in the Drug Court User Fee for a total of 480.00.

Effect: When the official does not properly encumber funds, purchasing controls are not effective with regard to the determination of funds being available for expenditure.

Recommendation: OSAI recommends funds be encumbered prior to the ordering and/or receiving of goods and services as set forth in 19 O.S. § 1505.C, and to ensure funds are available for all purchases made.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-4 – Timesheets

Criteria: Accountability and stewardship are overall goals in evaluating managements accounting of funds. To help ensure a proper accounting of funds, timesheets should be signed by each employee and signed and approved by each employee's department supervisor.

Condition: During test work, we found that the County Clerk's office does not record or prepare time records and the County Sheriff's office does not have a supervisor sign the time records.

Effect: This condition could result in errors, omissions, or inaccurate time records, which could result in misappropriation of funds.

Recommendation: OSAI recommends all county employees (except for elected officials) submit completed timesheets to their superior at least once per month, being signed by both the employee and their supervisor/elected official. OSAI further recommends the timesheets be filed with the County Clerk's office on a monthly basis.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-5 – Depositing Daily

Criteria: Statutory control requirements have been established for county government for the depositing of funds.

Title 19 O.S. § 682 states:

> It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office…

Condition: From our test work performed, we found the Sheriff's office is not depositing daily for official depository accounts.

Effect: This condition could result in undetected errors, funds not being safeguarded, or misappropriation of funds.

Recommendation: OSAI recommends the Sheriff deposit daily as set forth in 19 O.S. § 682.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-6 – Reconciliations – Official Depository Accounts

Criteria: Accountability and stewardship are overall goals in evaluating managements accounting of funds. To help ensure a proper accounting of funds, reconciliations should be performed between the officer's official depository accounts and the County Treasurer's office. The reconciliations should be approved/reviewed by someone other than the preparer.

Condition: Based on test work performed, the Assessor's office is not reconciling their official depository accounts to the County Treasurer's general ledger.

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

Recommendation: OSAI recommends management take steps to ensure a reconciliation is performed for the official depository accounts and the reconciliations be approved/reviewed by someone other than the preparer.

Views of responsible officials and planned corrective actions: As a result of the finding of initialing reconciliations, this matter has been corrected for future reconciliations.

OSAI response: Monthly reconciliations should be performed with the Treasurer's office. The Assessor should then initial the reconciliation as an indication of her approval and/or review.

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 2006-2 – Board of Tax Roll Correction Meetings

Criteria: Title 68 O.S. § 2871 states in part:

> A board of tax roll corrections is hereby created and shall consist of the chair of the board of county commissioners as chair or, in the chair's absence, the vice-chair of the board of county commissioners or their statutory designee, the chair of the county equalization board or, in the chair's absence, the vice-chair of the county equalization board as vice-chair, the county clerk as nonvoting member and secretary, and the county assessor, a majority of whom shall constitute a quorum. The board is hereby authorized to hear and determine allegations of error, mistake or difference as to any item or items so contained in the tax rolls, in any instances hereinafter enumerated, on application of any person or persons whose interest may in any manner be affected thereby, or by his or her agent or attorney, verified by affidavit and showing that the complainant was not at fault through failure to fulfill any duty enjoined upon him or her by law, or upon discovery by the county treasurer or assessor before the tax has been paid or attempted to be paid and disclosure by statement of fact in writing signed by the treasurer or assessor and verified by the assessor or treasurer as the case may be.

Title 25 O.S. § 312 states:

> The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.

Condition: Based on inquiries of County personnel, it was noted, although corrections were made and approved by appropriate personnel, that there were no Board of Tax Roll Correction meetings and therefore no minutes are kept for tax roll adjustments.

Effect: This condition could result in actions of the Board not being properly documented and violation of the Open Meeting Act.

Recommendation: OSAI recommends management be aware of this condition and document minutes for authorization of certificates of clerical error, certificates of omitted property, and certificates of erroneous assessment.

Views of responsible officials and planned corrective actions:

County Assessor
Regarding the matter of minutes of the Tax Roll Correction Board, this has been brought to the attention of the county clerk.

Finding 2006-7 – Inmate Trust Deposits

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, receipts should be issued in sequential order and adequate documentation for receipts should be maintained. Also, reconciliations should be approved/reviewed by someone other than the preparer.

Condition: During test work of inmate trust deposits, we noted the following exceptions:

1. Out of the ten days selected, seven days did not match total receipts.
2. Out of the ten days selected, two receipts had been adjusted without justification.
3. Out of the ten days selected, four deposit tickets had been adjusted without justification.
4. Receipted monies are not being deposited daily.
5. Receipts are pre-numbered, but are not being issued in numerical order.
6. Reconciliations are performed on the inmate trust account, but the reconciliations are not approved/reviewed by someone other than the preparer.

Effect: This condition could result in undetected errors, unrecorded transactions, or misappropriation of funds.

Recommendation: OSAI recommends the Sheriff's office ensure internal controls are implemented and operating to ensure receipts are issued in numerical order, deposits are made daily, receipts are not altered, and reconciliations are approved/reviewed by someone other than the preparer.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-8 – BOCC Minutes

Criteria: Title 25 O.S. § 312 states:

> The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.

Title 19 O.S. § 243 states:

> The county clerk shall attend the sessions of the board of county commissioners, either in person or by deputy, shall keep the seals, records and papers of said board of commissioners and shall sign the records of the proceedings of the board of county commissioners and attest the same with the seal of the county.

Title 19 O.S. § 244 states:

> It shall be the duty of the county clerk:
>
> First. To record in a book to be provided for that purpose, all proceedings of the board.
>
> Second. To make regular entries of their resolutions and decisions in all questions concerning the raising of money.
>
> Third. To record the vote of each commissioner, on any question submitted to the board, if required by any member thereof, and not otherwise.
>
> Fourth. To attest all orders issued by the board and signed by the chairman thereof for the payment of monies.
>
> Fifth. To preserve and file all accounts acted upon by the board, with their action thereon. And he/she shall perform such special duties as are required of him/her by law.

Condition: Based on inquiries of County personnel and testwork performed, it was noted there were no BOCC minutes available from July 1, 2005 through October 31, 2005 or February 2006. We also noted the County Clerk had not prepared minutes of the meetings from May 19, 2008 to July 20, 2009.

Effect: This condition results in actions of the Board not being properly documented and could result in violations of the Open Meeting Act.

Recommendation: OSAI recommends management be aware of this condition and realize the importance of these BOCC minutes to be open for public inspection.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-9 – Encumbrances in Excess of Appropriations

Criteria: Title 62 O.S. § 310.2 states:

> No purchase order shall be paid until approved by the officer, board or commission having charge of the office or department for which the appropriation is available and from which such payment is proposed to be made, provided that no indebtedness for any purpose shall be incurred in excess of the appropriation for that purpose…

Condition: During our examination of the 2005-2006 Estimate of Needs, we noted the County did not appropriate adequate funding for the purpose of provision of interest on warrants resulting in expenditure of funds in excess of appropriations by $944.

Effect: This condition results in expenditures being in excess of appropriations.

Recommendation: OSAI recommends the County follow procedures to ensure indebtedness is not incurred in excess of budgeted appropriations.

Views of responsible officials and planned corrective actions: Management chose not to respond.

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