

COUNTY AUDIT

GARFIELD COUNTY

For the fiscal year ended June 30, 2009

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



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

**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Oklahoma State Auditor & Inspector

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August 11, 2011

TO THE CITIZENS OF
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield County, Oklahoma for the fiscal year ended June 30, 2009. 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, reading "Gary A. Jones".

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

**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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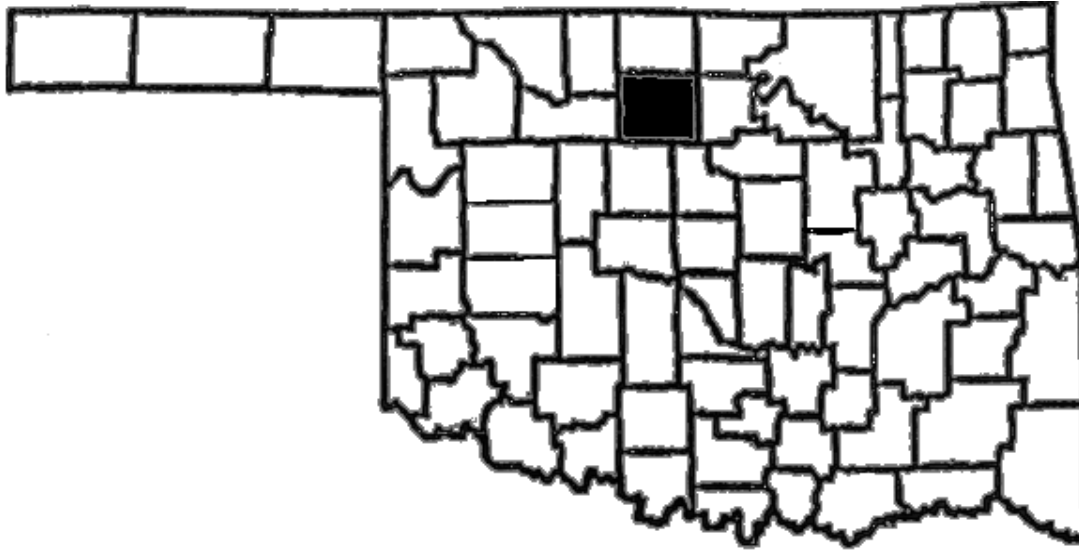
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**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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



Garfield County was originally a part of the Cherokee Outlet opened for settlement during the Land Run of September 16, 1893. Garfield County, Oklahoma Territory, was named for President James A. Garfield.

Enid, the county seat, has two major employers – Vance Air Force Base and Northrop-Grumman Technical Services, Inc. Local businesses manufacture such products as anhydrous ammonia, petroleum coke, drilling rigs, steel fabricators, dairy goods, and processed meats. Although oil has provided a great deal of revenue, Garfield County is best known for its wheat production.

County Seat – Enid

Area – 1,059.94 Square Miles

County Population – 57,657
(2007 est.)

Farms – 1,082

Land in Farms – 663,431 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COUNTY ASSESSOR
L. Wade Patterson

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
Kathy Hughes

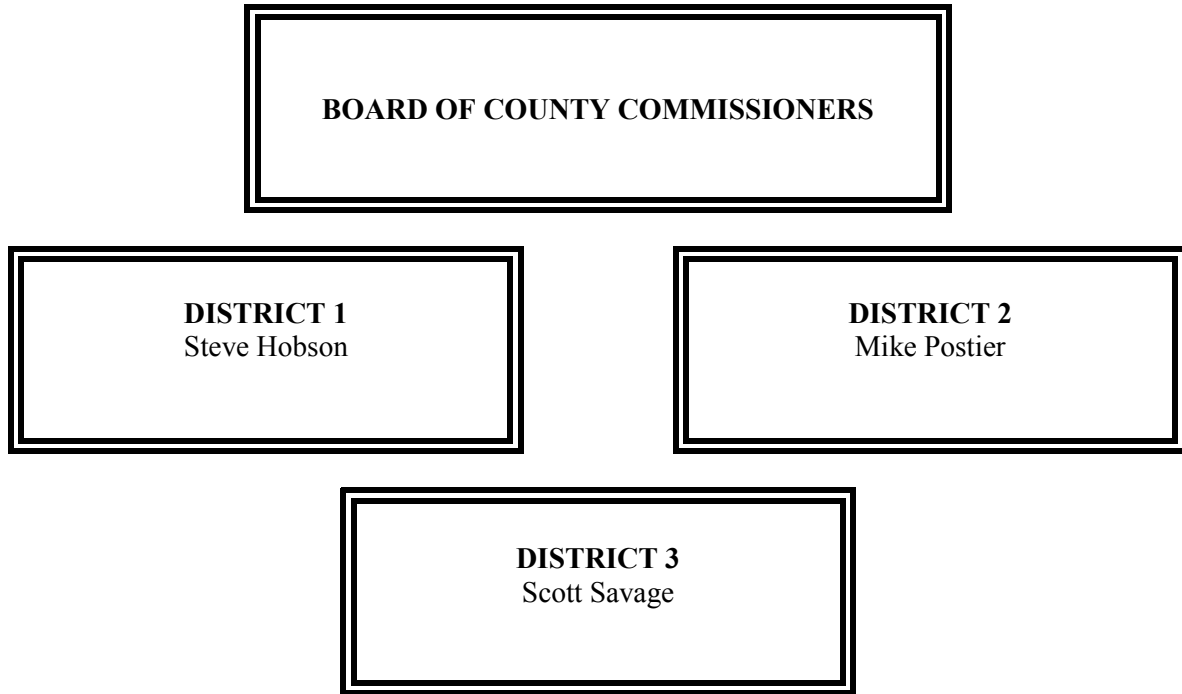
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



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.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COUNTY SHERIFF
Bill Winchester

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
Kevin R. Postier

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.

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COURT CLERK
Margaret Jones

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.

DISTRICT ATTORNEY
Cathy Stocker

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.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

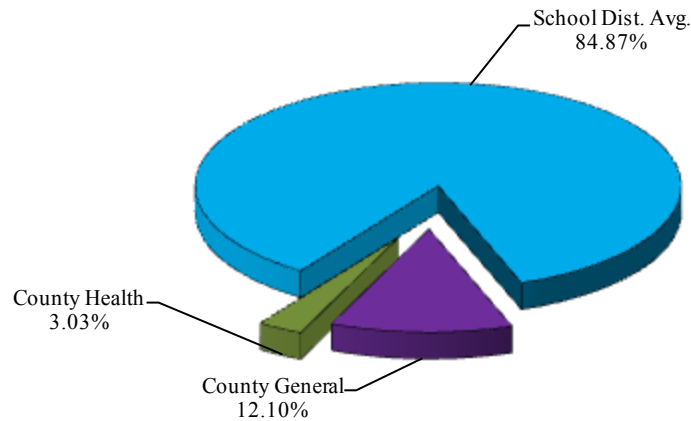
ELECTION BOARD SECRETARY Lue Ann Root

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.

**GARFIELD COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.54	Waukomis	SD1	37.66	5.38	9.08	15.70	4.22	72.04
County Health	2.64	Kremlin-Hillsdale	SD18	37.91	5.42	12.53	15.70	4.22	75.78
		Chisholm	SD42	37.07	5.30	12.59	15.70	4.22	74.88
City Sinking		Garber	SD47	36.70	5.24	21.04	15.70	4.22	82.90
Enid	8.52	Pioneer-Pleasant Vale	SD56	36.06	5.15	3.73	15.70	4.22	64.86
		Enid	SD57	36.86	5.27	13.41	15.70	4.22	75.46
		Drummond	SD85	37.27	5.32	10.65	15.70	4.22	73.16
		Covington-Douglas	SD94	37.03	5.29	10.17	15.70	4.22	72.41

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Total net assessed value as of January 1, 2008		<u>\$ 354,733,941</u>
Debt limit - 5% of total assessed value		17,736,697
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>827</u>	<u>-</u>
Legal debt margin		<u>\$ 17,736,697</u>

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

	<u>2009</u>
Estimated population	<u>57,657</u>
Net assessed value as of January 1, 2008	<u>\$ 354,733,941</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>827</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2008	\$75,581,410	\$37,057,709	\$256,935,863	\$14,841,041	\$354,733,941	\$2,721,541,128

See independent auditor's report.

FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
GARFIELD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2009, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Garfield 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 Garfield County as of June 30, 2009, 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 Garfield County for the year ended June 30, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2011, on our consideration of Garfield 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, flowing script.

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

July 18, 2011

Basic Financial Statement

GARFIELD COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Beginning Cash Balances July 1, 2008	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balances June 30, 2009
Combining Information:						
County General Fund	\$ 1,554,630	\$ 4,779,271	\$	\$ 4,727	\$ 4,583,925	\$ 1,745,249
County Highway Fund	1,038,198	5,055,678			4,457,963	1,635,913
Highway Emergency & Transportation Revolving		150,000			97,023	52,977
Resale Property	234,500	133,729			115,326	252,903
County Health Department	552,067	994,461			904,880	641,648
Assessor Visual Inspection	63,818	1,138			9,954	55,002
Sheriff Service Fee	238,669	439,784			356,956	321,497
County Clerk Records Preservation Fee	12,741	70,355			76,421	6,675
County Clerk Lien Fee	53,389	27,394			46,965	33,818
Treasurer Mortgage Tax Certification Fee	3,323	11,395			11,030	3,688
County Sinking	813	14				827
Sheriff Training	50					50
Sheriff Estray Animal	365				59	306
Sheriff Prisoner	445,957	794,935			964,195	276,697
County Assessor Fee	15,433	21,816			18,821	18,428
Sheriff Reserve	16					16
Sheriff Drug	3,928	1,011				4,939
Sheriff Confidential Purchase	500					500
Sheriff Juvenile Justice	5,583	595			2,481	3,697
Sheriff DARE	918	2,984			1,237	2,665
Sheriff Unclaimed Property	1,414					1,414
Special Insurance	3,591	40,363			20,947	23,007
Jail Sales Tax & Detention Facility	1,755,498	2,148,206			1,947,047	1,956,657
County Use Tax	26,597	160,095			12,200	174,492
Rural Fire Sales Tax	1,467,332	856,909			598,199	1,726,042
Local Emergency Planning	5,853	3,085			3,635	5,303
County Insurance	1,445,489	73,480	4,727		344,125	1,179,571
Garfield Co. Economic Dev. Authority	26,471					26,471
Safe Room Program	1,080					1,080
Garfield Co. Emergency Mgmt. Program	2	500				502
Combined Total--All County Funds	\$ 8,958,225	\$ 15,767,198	\$ 4,727	\$ 4,727	\$ 14,573,389	\$ 10,152,034

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 Garfield County, Oklahoma. The financial statement referred to includes only the primary government of Garfield County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

Following are descriptions of the funds included as supplementary information within the financial statement:

County General Fund - accounts for the general operations of the government.

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

Highway Emergency & Transportation Revolving – accounts for funds received from Circuit Engineering District, to help build bridges in Garfield County. Funds received must be paid back to the Circuit Engineering District.

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

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

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

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

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

County Sinking - accounts for the money collected from tax levy to expend on county lawsuits.

Sheriff Training - accounts for the proceeds from sheriff auctions and/or donations used for training purposes.

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

Sheriff Prisoner - accounts for the Department of Corrections and Commissary sales receipts and doctor visits for prisoners.

County Assessor Fee - accounts for the collection of fees for copies restricted by state statute.

Sheriff Reserve - accounts for the receipt of donations and general expenditures of the Sheriff's office.

Sheriff Drug - accounts for the collection and disbursement of forfeited property from drug cases.

Sheriff Confidential Purchase - accounts for the undercover drug purchases and the reimbursement of those funds.

Sheriff Juvenile Justice - accounts for the receipt of federal grants for the use of juvenile detention.

Sheriff DARE - accounts for the donation and disbursements for the DARE program.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Sheriff Unclaimed Property – accounts for the receipt of unclaimed property that is court ordered as property of the Sheriff's office.

Special Insurance - established to administer the County's pooled self-insurance fund and accounts for insurance receipts and disbursements.

Jail Sales Tax and Detention Facility - accounts for the sales tax received for erecting, furnishing, equipping the Garfield County Detention Center and repaying the debt acquired in the process, and is used to defray the cost of maintaining the detention facility.

County Use Tax - accounts for the receipts of Oklahoma Tax Commission collections of county use tax, to be spent as directed by the Board of County Commissioners.

Rural Fire Sales Tax - accounts for the sales tax received for the use of the Breckenridge, Covington, Douglas, Drummond, Fairmont, Garber, Hillsdale, Hunter, Kremlin, Lahoma, and Waukomis Rural Fire Departments.

Local Emergency Planning - accounts for grant money for hazardous material. The Enid Fire Department also collects a \$20.00 fee from various companies for reimbursement of the expense for classes for the Fire Department, etc.

County Insurance - accounts for the interest earned on designated investments for county insurance and disbursements made for workers' compensation and property insurance premiums.

Garfield County Economic Development Authority - accounts for the funds received for the Garfield County Economic Development Authority and remitted to the Authority.

Safe Room Program - accounts for the funds received for the safe room rebate program funded through the Oklahoma Department of Civil Emergency Management.

Garfield County Emergency Management Program - accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including cities and towns and school districts. 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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit
- 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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

- 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

Employees are entitled to vacation leave with pay based on length of service. Scheduling of vacation leave will be left to the discretion of each department head.

Years of Service	Vacation Leave	Accumulation Limit
0 to 7 years	12 days	30 days
8 to 15 years	15 days	30 days
15 or more	20 days	30 days

Vacation must be earned before it is taken. No vacation leave shall be accumulated beyond the accumulation limit.

Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit. Accumulation of employee's length of service will be based on a fifty-two (52) week year. Termination of employment will automatically cancel length of service for accumulation of vacation leave with pay.

Employees will earn one (1) day of sick leave per month employed. Sick leave must be earned before it is taken. Employees may accumulate up to sixty (60) days of sick leave.

Upon termination of employment with the County, an employee may not collect pay for accrued sick leave.

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."

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The assessed property value as of January 1, 2008, was approximately \$354,733,941.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.54 mills (the legal maximum) for general fund operations and 2.64 mills for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

Current year tax collections for the year ended June 30, 2009, were approximately 95.71 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 related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group (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.

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

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, but have a one-time fee of 3% on all pieces of machinery acquired.

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 9.5% and 14.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 14.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2009, 2008, and 2007, were \$693,365, \$619,654, and \$528,842, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

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

9. Sales Tax

The County approved a .25 percent (.0025) county sales tax effective January 1, 2003, to be in effect until January 1, 2018. The sales tax is administered by the Garfield County Criminal Justice Authority for the purpose of erecting, furnishing, equipping, operating, and maintaining a new county jail and acquiring a site therefore owned or operated by Garfield County.

On November 1, 2005, the voters of Garfield County voted a .10 percent (.0010) county sales tax effective from January 1, 2006 through December 31, 2014. The sales tax is dedicated to the 12 county rural fire departments.

10. Interfund Transfers

Inter-fund transfers consist of a transfer of funds to the County Insurance Fund from County General Fund in the amount of \$4,727. This amount represents the money not transferred back to the County Insurance Fund by the end of the 2008 fiscal year. The original transfer was made to cover General Fund non-payable warrants in the previous year.

OTHER SUPPLEMENTARY INFORMATION

GARFIELD 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, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,554,630	\$ 1,554,630	\$ 1,554,630	\$ -
Less: Prior Year Outstanding Warrants	(168,284)	(168,284)	(168,284)	
Less: Prior Year Encumbrances	(64,899)	(64,899)	(57,031)	7,868
Less: Amount Due Contingency Fund	(4,727)	(4,727)		(4,727)
Beginning Cash Balances, Budgetary Basis	1,316,720	1,316,720	1,329,315	3,141
Receipts:				
Ad Valorem Taxes	3,398,996	3,398,996	3,732,421	333,425
Charges for Services	252,000	252,000	254,433	2,433
Intergovernmental Revenues	454,000	460,731	549,636	88,905
Miscellaneous Revenues	34,319	35,254	242,781	207,527
Total Receipts, Budgetary Basis	4,139,315	4,146,981	4,779,271	632,290
Expenditures:				
District Attorney	29,692	33,692	32,558	1,134
County Sheriff	803,436	803,436	797,276	6,160
County Treasurer	197,525	197,525	193,889	3,636
County Commissioners	235,275	235,275	226,638	8,637
OSU Extension	107,274	107,274	106,946	328
County Clerk	235,726	235,726	214,803	20,923
Court Clerk	321,526	325,526	319,942	5,584
County Assessor	263,126	270,399	265,509	4,890
Revaluation of Real Property	251,000	251,000	223,161	27,839
Juvenile Shelter Bureau	119,870	119,870	118,170	1,700
District Court	4,051	4,051	2,400	1,651
General Government	1,219,822	1,204,549	642,525	562,024
Excise-Equalization Board	10,250	10,250	8,808	1,442
County Election Board	151,288	158,019	119,543	38,476

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

GARFIELD 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, 2009

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Insurance Benefits	1,254,593	1,254,593	1,035,643	218,950
Data Processing	27,801	27,801	27,797	4
Charity	1,625	1,625	-	1,625
Recording Account	22,800	22,800	21,897	903
Civil Defense	21,291	22,226	21,148	1,078
Planning Commission	1	1	-	1
Courthouse Security	22,800	22,800	22,800	-
Juvenile Detention	55,000	55,000	38,747	16,253
Audit Budget	36,486	36,486	36,486	-
Free Fair	20,000	20,000	20,000	-
Library	241	241	241	-
Postage	43,536	43,536	43,536	-
Total Expenditures, Budgetary Basis	5,456,035	5,463,701	4,540,463	923,238
Transfer Out			4,727	4,727
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,563,396	\$ 1,563,396
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			25,925	
Add: Current Year Outstanding Warrants			155,903	
Add: Estopped Warrants			25	
Ending Cash Balance			<u>\$ 1,745,249</u>	

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

GARFIELD 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, 2009

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 552,067	\$ 552,067	\$ 552,067	\$ -
Less: Prior Year Outstanding Warrants	(231)	(231)	(231)	
Less: Prior Year Encumbrances	(96,501)	(96,501)	(75,357)	21,144
Beginning Cash Balances, Budgetary Basis	455,335	455,335	476,479	21,144
Receipts:				
Ad Valorem Taxes	891,903	887,413	934,872	47,459
Charges for Services		55,100	55,100	
Intergovernmental		1,034	1,034	
Miscellaneous		3,455	3,455	
Total Receipts, Budgetary Basis	891,903	947,002	994,461	47,459
Expenditures:				
Health and Welfare	1,347,238	1,402,337	956,287	446,050
Total Expenditures, Budgetary Basis	1,347,238	1,402,337	956,287	446,050
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	514,653	\$ 514,653
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			124,574	
Add: Current Year Outstanding Warrants			2,421	
Ending Cash Balance			\$ 641,648	

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

GARFIELD COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES – SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Beginning Cash Balance	<u>\$ 813</u>
Receipts:	
Ad Valorem Tax	<u>14</u>
Total Receipts	<u>14</u>
Disbursements:	
Interest Paid	<u>-</u>
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 827</u>

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

GARFIELD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. Budgetary Schedule

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.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grants:			
State Criminal Alien Assistance Program	16.606	208AP-BX-0967	\$ 2,715
Bulletproof Vest Partnership Program	16.607		1,805
Total U.S. Department of Justice			<u>4,520</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through Federal Highway Administration:			
Highway Planning and Construction	20.205		4,743
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		2,098
Total U.S. Department of Transportation			<u>6,841</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1712	105,571
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1775	419,212
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1803	199,929
Total U.S. Department of Homeland Security			<u>724,712</u>
 Total Expenditures of Federal Awards			 <u>\$ 736,073</u>

The accompanying note is an integral part of this schedule.
See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Garfield County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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

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
GARFIELD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2009, which comprises Garfield County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 18, 2011. 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 Garfield 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.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2009-4, 2009-5, 2009-8, 2009-9, 2009-10, 2009-11, and 2009-12. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garfield 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 Garfield County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

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

This report is intended solely for the information and use of management of Garfield County, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a long horizontal flourish extending to the right.

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

July 18, 2011



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

TO THE OFFICERS OF
GARFIELD COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Garfield County, Oklahoma, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Garfield County's major federal program for the year ended June 30, 2009. Garfield County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Garfield County's management. Our responsibility is to express an opinion on Garfield County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Garfield County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Garfield County's compliance with those requirements.

As described in item 2009-7, in the accompanying schedule of findings and questioned costs, Garfield County did not comply with requirements regarding Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Procurement, Suspension, and Debarment; that are applicable to its Disaster Grants – Public Assistance program. Compliance with such requirements is necessary, in our opinion, for Garfield County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

Management of Garfield County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Garfield County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Garfield County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-6 to be a material weakness.

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

This report is intended solely for the information and use of management of Garfield County, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, flowing script.

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

July 18, 2011

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SECTION 1—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted?..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?..... Yes

Identification of Major Programs

CFDA Number(s)
97.036

Name of Federal Program or Cluster
Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?..... No

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SECTION 2 - 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 2009-4 – Footnote Disclosures

Criteria: The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. Statement on Auditing Standards (SAS) No. 115 indicates that a control deficiency exists when management does not have adequate expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others, to ensure they are prepared in accordance with these principles. Professional audit standards preclude the external financial statement auditor from performing any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to prevent or detect misstatements in timely manner or to ensure all required disclosures are presented with the financial statement.

Effect: The potential exists for misstatements to go undetected, specifically for the completeness of financial statement disclosures.

Recommendation: OSAI recommends the County consider one or more of the following controls:

- Having at least one staff member with sufficient skills necessary to understand the application of accounting principles in regards to the preparation of financial statements.
- Contract an outside firm or individual to review or prepare the financial statements and accompanying notes to the financial statements to ensure appropriate disclosures are presented.

Views of responsible officials and planned corrective actions: County Treasurer and Budget Director will prepare financial statements in the future.

Finding 2009-5 – Disaster Recovery Plans, and Computer Usage Policies

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support 4), information services function management should ensure that a written disaster recovery plan is documented and contains the following:

- Guidelines on how to use the recovery plan;
- Emergency procedures to ensure the safety of all affected staff members;
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel;
- Listing of systems requiring alternatives (hardware, peripherals, software);
- Listing of highest to lowest priority applications, required recovery times and expected performance norms;

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution;
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc., and a source and alternative source defined;
- Training and/or awareness of individual and group roles in continuity plan;
- Listing of contracted service providers;
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation;
- Current names, addresses, telephone/pager numbers of key personnel;
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: The County Treasurer and County Clerk do not have a written disaster recovery plan.

Effect: The failure to have a formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster. The lack of a formal plan could cause significant problems in ensuring county business could continue uninterrupted.

Recommendation: OSAI recommends the County develop a formal Disaster Recovery Plan to safeguard the County from being unable to operate during the event of a disaster.

Views of responsible officials and planned corrective actions: TM Consulting has been contacted to provide a written disaster recovery plan.

Finding 2009-8 – Duplicate Ad Valorem Tax Receipt Numbers (Repeat Finding)

Criteria: An aspect of effective internal controls includes duplicate receipt numbers not be issued for ad valorem tax collections.

Condition: Procedures performed on receipt numbers for ad valorem taxes revealed 24 receipt numbers had been duplicated. However, the —Receipts in Receipt Order for Daily Packet from Cash Register” Report did not reveal duplicate receipts. The report listed one receipt with a receipt amount that was the total of the two individual receipts, and only one of the tax roll identification numbers was documented as paid.

Effect: Ad valorem receipts may not be representative of the total population of receipt numbers. This could result in unaccounted for or misappropriation of ad valorem tax receipts.

Recommendation: OSAI recommends the Garfield County Treasurer implement policy and procedures to properly account for all receipts issued, and identify any duplication of receipt numbers. OSAI also recommends the Treasurer meet with the system designer to resolve this issue.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Views of responsible officials and planned corrective actions: In FY 2008 it was determined that the problem was a result of running two programs simultaneously, causing duplicate receipt numbers to occur. The Treasurer's 1st Deputy thought this was corrected; after a follow up call to the software developer, it was determined that this problem has been resolved.

Finding 2009-9 – Misclassification of Revenue by Source

Criteria: Effective internal controls include reporting information be complete and accurate to provide detailed information of account activity.

Condition: The verification of revenue by source revealed there were two instances in which the Treasurer's office should have used a more appropriate source code for funds received. State funds of \$53,496.57 were coded to source # 9317 (Federal Aid) and should have more appropriately been coded to source # 9313 (State Aid). Federal funds of \$2,000.00 were coded to source # 9313 (State Aid) and should have more appropriately been coded to source # 9317 (Federal Aid).

Effect: These conditions could result in inconsistent recording of revenues and financial reporting and could result in omitting federal funds from the schedule of federal assistance for reporting purposes.

Recommendation: OSAI recommends the County Treasurer use specific source for the posting of receipts so as to properly provide sufficient detail for management decision making and reporting of federal funds.

Views of responsible officials and planned corrective actions: Employees have been instructed on proper coding for federal and state funds.

Finding 2009-10 – Receiving Report

Criteria: Effective internal controls include purchase orders be paid only when all necessary documentation is obtained and approved by the appropriate official/or designated employee as evidenced by signatures and completed receiving reports.

Condition: The test of 47 purchase orders revealed that one purchase order for a 2001 Ford F150 flatbed truck did not have a properly signed receiving report attached to the documentation for payment. This purchase order was for the Lahoma Fire Department.

Fund/Account	Warrant No.	PO No.	Paid To	Amount	Purpose	Missing Signature
199-5303-40	322	2990	Lahoma Fire Dept	\$33,000.00	2001 Ford F150, grill guard, flatbed	Receiving Officer and Receiving Report

Effect: This condition could result in unauthorized payments for items not received by departments within the County.

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Recommendation: OSAI recommends that the purchase orders have all required signatures and all supporting documentation to provide effective internal control over the disbursement process prior to approval of payment.

Views of responsible officials and planned corrective actions: Employees have been instructed to examine supporting documentation more closely.

Finding 2009-11 – Sheriff Payroll

Criteria: Effective internal controls include county government establish policies and procedures to efficiently maintain documentation of standardized timesheets in a central location.

The Department of Labor Wage and Hour Division Fact Sheet #21 states, “Any timekeeping plan is acceptable as long as it is complete and accurate.”

The Garfield County Employee Handbook states, Garfield County employees who are not exempt shall be entitled to overtime payment at the rate of 1 1/2 times the employee’s regular rate of pay for all hours worked in a workweek in excess of 40 hours. It also states, “In the case of law enforcement personnel who are not exempt overtime will be paid for hours worked in excess of 171 hours in the 28-day period. Such overtime will be paid at the rate of 1 ½ times the employee’s regular rate of pay.”

Condition: During the documentation of controls over the payroll process in the Sheriff’s office, the following deficiencies were noted:

- 1) The Sheriff’s department does not complete a timesheet signed by employee and supervisor.
- 2) Daily activity logs are prepared by deputies; however, there is not a complete time keeping plan that accumulates hours worked or overtime compensation accumulated or used for the month.
- 3) Deputies are accumulating overtime compensation time for hours worked in excess of 40 hours per week whereas the County Handbook specifies that only hours worked in excess of 171 within a 28 day period are considered overtime.
- 4) Jailers/Dispatchers which are not considered law enforcement personnel work twelve hour days. They are scheduled to work three days and then have three days off, which results in one week of 36 hours worked and the next week with 48 hours worked. The Jailers/Dispatchers do not receive overtime compensation for time worked in excess of 40 hours per week.

Effect: These conditions could result in inefficiency in maintaining documentation.

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Recommendation: OSAI recommends that the County Sheriff establish policies and procedures to ensure that a time-keeping plan be complete and accurate and in accordance with the Fair Labor Standards Act and the Garfield County Employee Handbook.

Views of responsible officials and planned corrective actions: The Sheriff's office has gone to the 28 day work schedule. Activity logs are being signed by the employee and a supervisor with time worked and also entered on a 28 day spreadsheet by the Undersheriff. As per Jody Casey, ACCO attorney, a jailer is considered law enforcement so they also fall into the 28 day work schedule. Jailers' clock in and out on the ODIS system and their time is printed out every 28 days and signed by the employee and supervisor. Dispatchers are given comp time for anything over 40 hours per week.

Finding 2009-12 – Timesheets

Criteria: Effective internal controls include county government establish policies and procedures to efficiently maintain documentation of timesheets to support payroll claims. Ideally this documentation should be available for review for those approving payroll claims.

Condition: Currently, timesheets from each Department are not forwarded to the County Clerk's Office on a monthly basis.

Effect: This condition could result in inefficiency in maintaining documentation and could result in errors or misappropriation of assets when issuing payroll checks.

Recommendation: OSAI recommends that the County establish policy and procedures to ensure that standardized timesheets are maintained in a central location in the courthouse to provide effective internal controls over documentation of payroll expenses.

Views of responsible officials and planned corrective actions: Timesheets will be maintained in a central location.

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SECTION 3—Findings related to the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.

Finding 2009-6 – FEMA Files – Documentation of Federal Expenditures

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: 1712 DR, 1775 DR AND 1803 DR

FEDERAL AWARD YEAR: 2009

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: OMB Circular A-133 §__.300 states that the auditee shall:

Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they are received. Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

OMB Circular A-133§__.310 states in part:

The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements...the schedule shall:

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

Condition: The County has not designed and implemented formal internal controls for the reporting of its major programs for Disaster Grants-Public Assistance received for the severe storms, tornadoes, and flooding that occurred in 2008, as required by OMB Circular A-133. As a result the following errors were noted on the County's schedule:

1. State expenditures of \$53,496.57 were reported as federal expenditures.
2. Projects of \$105,571.00 reimbursed in the previous year, but not completed until Fiscal Year Ended June 30, 2009 were not included in this year's schedule.
3. The County was unaware that they had not been reimbursed for 13 projects totaling \$55,382.21

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Effect: This condition resulted in the amount of federal expenditures for the Disaster Grants – Public Assistance not being adequately reported on the Schedule of Expenditures of Federal Awards on a timely basis.

Recommendation: OSAI recommends the County establish internal controls to ensure all Federal awards are properly accounted for and reported on the Schedule of Expenditures of Federal Awards.

Views of responsible officials and planned corrective actions: Garfield County intends to improve recordkeeping and filing practices. Employees will attend FEMA related training in the future.

Finding 2009-7 – Federal Awards – Schedule of Expenditures of Federal Awards

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: 1775. 1803 DR

FEDERAL AWARD YEAR: 2009

CONTROL CATEGORY: All

QUESTIONED COSTS: \$56,568.20

Criteria: OMB Circular A-133§__.300 states that the auditee shall:

Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they are received, maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with law, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

FEMA Public Assistance Guide; Chapter 5, page 137, Project Management, Record Keeping states in part:

It is critical that the applicant establish and maintain accurate records of events and expenditures related to disaster recovery work... This information should include the completed PW; completed Special Consideration Questions form; estimated and actual costs; force account labor; force account equipment, materials, and purchases; photographs of damage, work underway, and work completed; insurance information; environmental and/or historic alternatives and hazard mitigation opportunities considered; environmental review documents; receipt and disbursement documents; and record of donated goods and services, if any.

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Condition: Of the twenty-five projects tested we were unable to locate the documentation specifically relating to five projects.

District #	PW Number	PW Amount	Federal Amount
2	363	\$19,118.99	\$14,339.24
3	252	\$ 4,388.20	\$ 3,291.15
3	408	\$ 3,981.28	\$ 2,985.96
3	288	\$23,491.40	\$17,618.55
3	362	\$24,444.40	\$18,333.30
Total			\$56,568.20

Effect: District two and three were unable to document how they complied with the compliance requirements for these specific projects.

Recommendation: OSAI recommends that FEMA files be maintained for each FEMA project to provide evidence that the auditee is properly managing the federal awards and is in compliance with OMB Circular A-133's Matrix of Compliance Requirements.

Views of responsible officials and planned corrective actions: Garfield County intends to improve recordkeeping and filing practices. Employees will attend FEMA related training in the future.

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards* or OMB A-133. 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 2009-1 - Receipting and Depositing Sheriff Revenue (Repeat Finding)

Criteria: Statutory control requirements have been established for county government for receipting and depositing of all funds.

Title 28 O.S. § 9 states:

Every officer charging fees shall give a receipt.

Title 19 O.S. § 682 states in part:

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 funds, 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...

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Condition: The test of forty miscellaneous receipts revealed that the Sheriff's office only prepares official depository receipts and deposits for Foreign Fees, Concealed Weapons, Cash Bonds, and Adult Drug Court Fees. Other funds received by the Sheriff's office are taken to the Treasurer's office to be deposited directly into the Sheriff's cash funds and a miscellaneous receipt is prepared by the Treasurer's office. The funds are not receipted by the Sheriff's office when collected and are not deposited into the official depository prior to being deposited on a miscellaneous receipt within the Treasurer's office.

Effect: This condition could result in misappropriation of funds received or undetected errors.

Recommendation: OSAI recommends that duplicate, pre-numbered receipts be issued for all funds received in the Sheriff's office. Receipts should be issued in sequential order, and should indicate mode and purpose of payment received.

Views of responsible officials and planned corrective actions: All monies received by this office are being deposited into an official depository account. Pre-numbered receipts and deposit slips are being used on all monies.

Finding 2009-2 – Segregation of Duties Sheriff's Office (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks 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 were not adequately separated within the office of the Sheriff.

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

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: Our office consists of two people. All mail is opened together. Chelsea writes the receipts and Kristin does the deposit slips.

**GARFIELD COUNTY, OKLAHOMA
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Finding 2009-3 - Open Meetings Act and Published Minutes of Proceedings (Repeat Finding)

Criteria: Title 25 O.S. § 304 states:

"Meeting" means the conduct of business of a public body by a majority of its members being personally together or, as authorized by Section 307.1 of this title, together pursuant to a videoconference.

Title 19 O.S. § 444 states in part:

It shall be the mandatory duty of the board of county commissioners to cause to be published in a newspaper published in the county, a full and complete report of all its official proceedings at each regular and special meeting....

Condition: OSAI became aware of "Class A Officer's" meetings that were conducted separately from the regular Commissioners' meetings. All three commissioners attended these meetings, an agenda was posted, and minutes of the meetings were kept; however, the minutes were not published.

For fiscal year 2009, the minutes of the Class A Officer's meeting were not published, nor was there a statement in the minutes of the Board of County Commissioners' proceedings stating the minutes are on file and available for public viewing.

Effect: The Open Meetings Act laws have not been adhered to with regard to published minutes.

Recommendation: OSAI recommends the County officers report all of their official proceedings from each regular and special meeting when a majority of the Board of County Commissioners attends.

Views of responsible officials and planned corrective actions: Class A Officer meeting minutes are noted in Commissioner's proceedings.



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