

GARFIELD COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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September 8, 2009

TO THE CITIZENS OF
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield County, Oklahoma for the fiscal year ended June 30, 2008. 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 "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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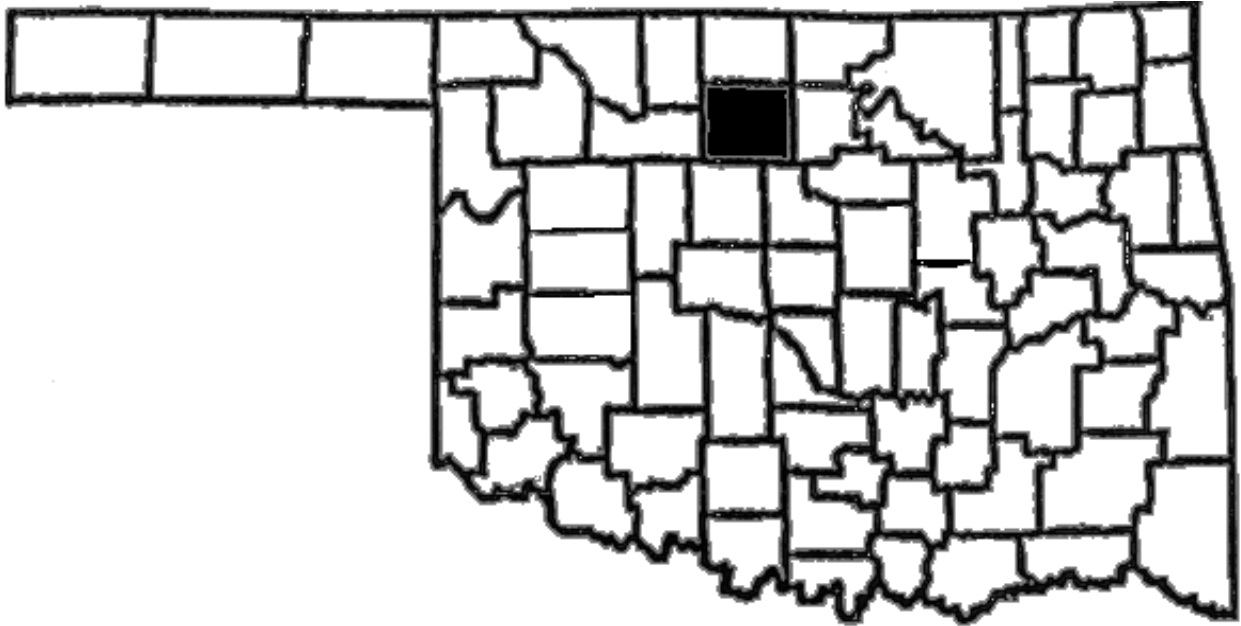
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**REPORT TO THE CITIZENS
OF
GARFIELD COUNTY, OKLAHOMA**



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 – 56,958
(2005 est.)

Farms – 1,083

Land in Farms – 613,939 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

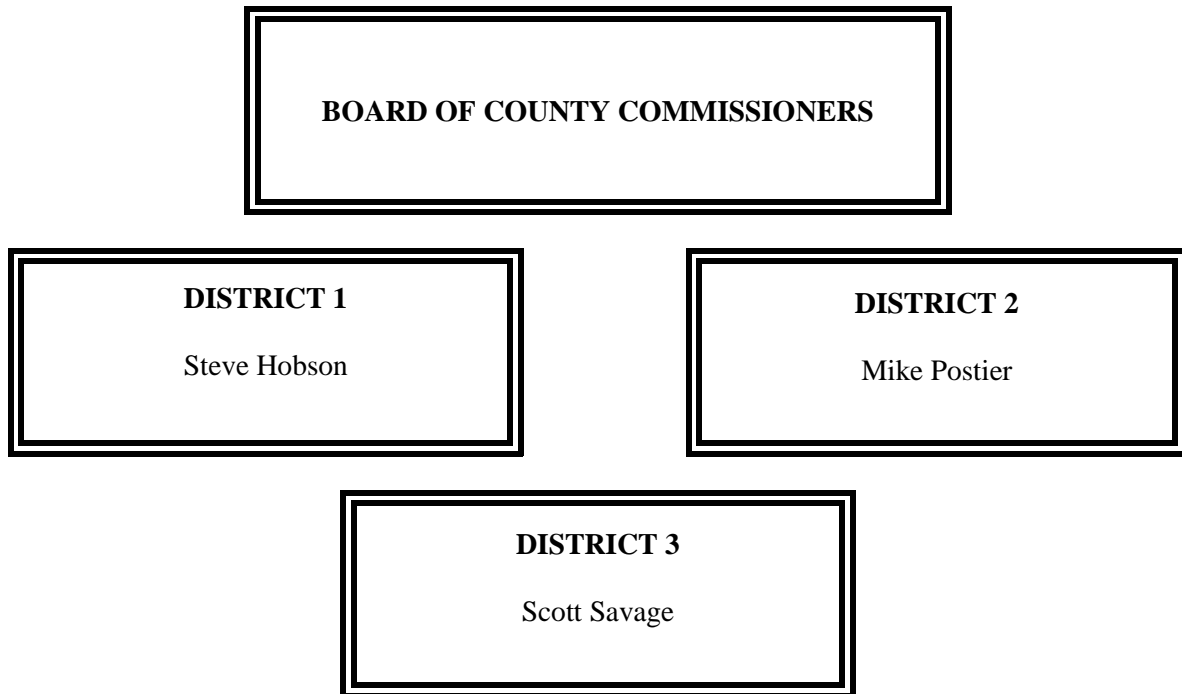
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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, 2008**



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, 2008**

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. 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.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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. 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

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, 2008**

ELECTION BOARD SECRETARY

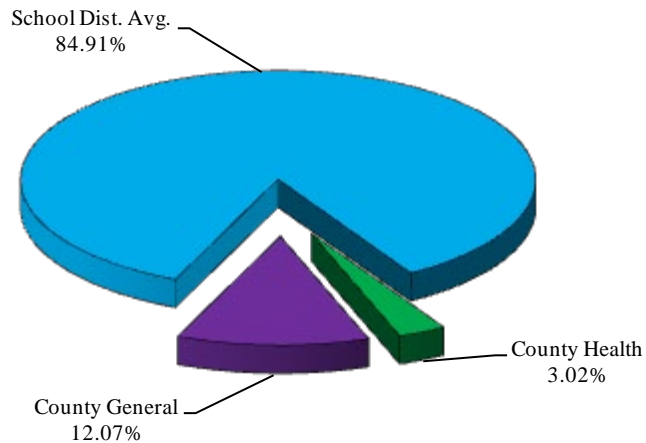
Wenona Marshall

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, 2008**

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								
County Health	2.64	Waukomis	SD1	37.66	5.38	10.63	15.70	4.22	73.59
		Kremlin-Hillsdale	SD18	37.91	5.42	9.81	15.70	4.22	73.06
		Chisholm	SD42	37.07	5.30	14.16	15.70	4.22	76.45
		Garber	SD47	36.70	5.24	20.68	15.70	4.22	82.54
		Pioneer-Pleasant Vale	SD56	36.06	5.15	3.65	15.70	4.22	64.78
		Enid	SD57	36.86	5.27	14.51	15.70	4.22	76.56
		Drummond	SD85	37.27	5.32	10.81	15.70	4.22	73.32
		Covington-Douglas	SD94	37.03	5.29	10.8	15.70	4.22	73.04

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Total net assessed value as of January 1, 2007		<u>\$ 345,525,803</u>
Debt limit - 5% of total assessed value		17,276,290
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>813</u>	<u>-</u>
Legal debt margin		<u>\$ 17,276,290</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, 2008
(UNAUDITED)**

	<u>2008</u>
Estimated population	<u>56,958</u>
Net assessed value as of January 1, 2007	<u>\$ 345,525,803</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>813</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, 2008
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$78,079,256	\$38,700,047	\$242,252,855	\$13,506,355	\$345,525,803	\$2,627,916,846

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 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, 2008, 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, 2008, 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, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2009, 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. 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 6, 2009

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, 2008

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2008
Combining Information:						
County General Fund	\$ 1,317,073	\$ 4,885,909	\$ 4,727	\$	\$ 4,653,079	\$ 1,554,630
County Highway Fund	995,018	4,594,218			4,551,038	1,038,198
Resale Property	199,332	147,602			112,434	234,500
County Health Department	644,578	973,297			1,065,808	552,067
Assessor Visual Inspection	62,065	1,753				63,818
Sheriff Service Fee	156,673	435,457			353,461	238,669
County Clerk Records Preservation Fee	20,450	73,360			81,069	12,741
County Clerk Lien Fee	33,197	33,818			13,626	53,389
Treasurer Mortgage Tax Certification Fee	1,783	13,250			11,710	3,323
County Sinking	622	191				813
Sheriff Training	50					50
Sheriff Estray Animal	3,870	231			3,736	365
Sheriff Prisoner	175,793	715,326			445,162	445,957
County Assessor Fee	28,005	21,815			34,387	15,433
Sheriff Reserve	16					16
Sheriff Drug	867	7,729			4,668	3,928
Sheriff Confidential Purchase	500					500
Sheriff Juvenile Justice	4,062	8,119			6,598	5,583
Sheriff DARE	1,098	35			215	918
Sheriff Unclaimed Property	1,414					1,414
Special Insurance	3,591					3,591
Jail Sales Tax & Detention Facility	1,615,181	2,329,730			2,189,413	1,755,498
County Use Tax	255,487	151,796			380,686	26,597
Rural Fire Sales Tax	1,287,576	855,967			676,211	1,467,332
Local Emergency Planning	5,227	31,376			30,750	5,853
County Building	5,335				5,335	
County Insurance	1,988,122	108,708		(4,727)	646,614	1,445,489
Garfield Co. Economic Dev. Auth.	26,471					26,471
Safe Room Program	1,080					1,080
Garfield Co. Emergency Mgmt Prog.	2					2
Combined Total--All County Funds	\$ 8,834,538	\$ 15,389,687	\$ 4,727	\$ (4,727)	\$ 15,266,000	\$ 8,958,225

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, 2008**

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 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.

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.

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.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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.

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.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 Building - accounts for the funds remaining from county building projects.

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 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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

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

E. Cash

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

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

F. Investments

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- 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 52 week year. Termination of employment will automatically cancel length of service for accumulation of vacation leave with pay.

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

The assessed property value as of January 1, 2007, was approximately \$345,525,803.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.54 mills 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.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008, were approximately 98 percent of the tax levy.

3. Fuel Tax

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

4. Risk Management

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

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Types of Loss	Method of Management	Risk of Loss Retained
Employee <ul style="list-style-type: none"> • 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 \$50,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 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.

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$619,654, \$528,842, and \$463,279, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

9. Sales Tax

The County began collecting a .25 percent (.0025) county sales tax on January 1, 1997, which expired December 31, 2000. The County residents voted to renew the sales tax at .10 percent (.0010) effective January 1, 2001, and continued for five years. The sales tax was dedicated to 10 county rural fire departments to be distributed equally. The County appropriates these funds and serves as the purchasing agent for the fire departments.

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

The County also began a .25 percent (.0025) county sales tax on January 1, 2003, and continuing 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.

10. Inter-fund Transfers

Inter-fund transfers consist of a transfer of funds to the County General Fund from the County Insurance Fund in the amount of \$4,727 to cover non-payable warrants issued from the General Fund. This amount represents the amount not transferred back to the County Insurance Fund.

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, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,317,073	\$ 1,317,073	\$ 1,317,073	\$ -
Less: Prior Year Outstanding Warrants	(43,557)	(43,557)	(43,557)	
Less: Prior Year Encumbrances	(64,081)	(64,081)	(49,216)	14,865
Beginning Cash Balances, Budgetary Basis	1,209,435	1,209,435	1,224,300	14,865
Receipts:				
Ad Valorem Taxes	3,310,765	3,310,765	3,689,934	379,169
Charges for Services	213,171	217,055	283,009	65,954
Intergovernmental Revenues	410,702	410,702	528,422	117,720
Miscellaneous Revenues	145,823	145,823	384,544	238,721
Total Receipts, Budgetary Basis	4,080,461	4,084,345	4,885,909	801,564
Expenditures:				
District Attorney	29,568	29,568	25,955	3,613
County Sheriff	1,231,944	1,231,944	1,128,633	103,311
County Treasurer	185,025	185,025	183,596	1,429
County Commissioners	180,658	180,658	170,682	9,976
OSU Extension	102,939	102,939	102,549	390
County Clerk	226,151	226,151	223,897	2,254
Court Clerk	293,052	293,052	289,245	3,807
County Assessor	241,187	241,187	230,289	10,898
Revaluation of Real Property	236,301	236,301	219,550	16,751
Juvenile Shelter Bureau	107,310	107,310	107,310	
District Court	4,051	4,106	1,509	2,597
General Government	891,264	891,264	629,695	261,569
Excise-Equalization Board	9,950	9,950	8,605	1,345
County Election Board	129,739	133,568	119,155	14,413

continued on next page

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, 2008

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Insurance	1,141,119	1,141,119	1,089,967	51,152
Data Processing	25,501	25,501	21,687	3,814
Charity	1,500	1,500	650	850
Recording Account	22,125	22,125	20,939	1,186
Civil Defense	15,979	15,979	14,816	1,163
Planning Commission	1	1	-	1
Courthouse Security	22,125	22,125	22,125	-
Juvenile Detention	55,000	55,000	51,180	3,820
County Audit Budget	34,947	34,947	34,947	-
Free Fair Budget	20,000	20,000	20,000	-
Library	40,350	40,350	34,398	5,952
Postage	42,110	42,110	42,110	-
 Total Expenditures, Budgetary Basis	 5,289,896	 5,293,780	 4,793,489	 500,291
Transfers In			4,727	4,727
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,321,447	<u>\$ 1,321,447</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			64,899	
Add: Current Year Outstanding Warrants			168,284	
Ending Cash Balance			<u>\$ 1,554,630</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, 2008

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 644,578	\$ 644,578	\$ 644,578	\$ -
Less: Prior Year Outstanding Warrants	(215)	(215)	(215)	
Less: Prior Year Encumbrances	(242,228)	(242,228)	(232,090)	10,138
Beginning Cash Balances, Budgetary Basis	402,135	402,135	412,273	10,138
Receipts:				
Ad Valorem Taxes	829,262	836,943	924,235	87,292
Charges for Services	8,722	47,266	47,266	
Intergovernmental Revenues		592	592	
Miscellaneous Revenues		1,204	1,204	
Total Receipts, Budgetary Basis	837,984	886,005	973,297	87,292
Expenditures:				
Health and Welfare	1,240,119	1,288,140	930,235	357,905
Total Expenditures, Budgetary Basis	1,240,119	1,288,140	930,235	357,905
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	455,335	\$ 455,335
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			96,501	
Add: Current Year Outstanding Warrants			231	
Ending Cash Balance			\$ 552,067	

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, 2008**

Beginning Cash Balance	<u>\$ 622</u>
Receipts:	
Ad Valorem Tax	<u>191</u>
Total Receipts	<u>191</u>
Disbursements:	
Interest Paid	<u>-</u>
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 813</u></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, 2008

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.

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
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, 2008, 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 6, 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 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.

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 2008-2, 2008-3, 2008-4, 2008-5, and 2008-9 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 2008-9 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2008-6 and 2008-14.

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

Garfield County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 Garfield 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 6, 2009

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008-2 – Duplicate Ad Valorem Tax Receipts

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 11 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.

Views of responsible officials and planned corrective actions: The Treasurer contacted Tom Martens, the system designer, and it was determined that the problem was a result of running two programs simultaneously, causing duplicate receipt numbers to occur. This problem has now been resolved.

Finding 2008-3 – Receipting and Depositing Sheriff Revenue

Criteria: Statutory control requirements have been established for county government for receipting and depositing of all monies. Title 28 O.S. § 9 states, “Every officer charging fees shall give a receipt therefor.” 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: The test of miscellaneous receipts revealed that the Sheriff’s office only prepares official depository receipts and deposits for Foreign Fees, Concealed Weapons, Cash Bonds, Tax Warrants, and Auction proceeds. Other monies received by the Sheriff’s office are taken to the Treasurer’s office to be deposited directly into their funds and a miscellaneous receipt is prepared. The monies are not receipted when collected and are not deposited into the official depository.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Recommendation: OSAI recommends that duplicate, pre-numbered receipts be issued for all monies 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: The Sheriff's office will issue receipts for each collection, and deposit those funds in an official depository account.

Finding 2008-4 – Encumbrance of Funds

Criteria: Statutory control requirements have been established for county government for the timely encumbrance of sheriff purchase orders. Title 19 O.S. § 1505.C(1)(2) states, "The procedure for the purchase of ... shall be as follows: (1) The county purchasing agent shall prepare a purchase order ... and submit it... to the county clerk; (2) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;..." In addition, 19 O.S. § 1505.E (2) (3) states, "...upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered; (3) if no such purchase order has been provided the receiving officer shall refuse delivery of the item..."

Condition: The testing of 69 purchase orders revealed four instances totaling \$8,583.46 in which goods or services were received prior to funds being encumbered.

Effect: This condition could result in amounts being expended greater than that set forth by the budget.

Recommendation: OSAI recommends the County place an emphasis on encumbering funds prior to receiving goods or services.

Views of responsible officials and planned corrective actions: The County will strive to encumber funds prior to receiving goods and services.

Finding 2008-5 –Timely Completion of Receiving Reports

Criteria: Statutory control requirements have been established for county government for the receiving of goods and services. Title 19 O.S. § 1505.E.5 states, "The receiving officer shall complete a receiving report in quadruplicate which shall state the quantity and quality of goods delivered. The person delivering the goods shall acknowledge the delivery by signature, noting the date and time."

Condition: The test of 69 purchase orders revealed 11 receiving reports were not completed at the time of delivery.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Effect: This condition could result in the payment of an incorrect quantity or for goods not received in acceptable quality.

Recommendation: OSAI recommends the County officers place an emphasis on completing receiving reports at the time of delivery to ensure accuracy.

Views of responsible officials and planned corrective actions: The offices have been instructed that receiving reports will be issued at the time of the delivery of goods and on a daily basis.

Finding 2008-6 – Bid Items

Criteria: Title 19 O.S. § 1501.A.3 states that the county purchasing agent shall make purchases and rental or lease-purchase agreements only after following the bidding procedures when items exceed \$10,000.

Condition: The test of 69 purchase orders revealed the Sheriff purchased 2 vehicles from the Missouri Highway Patrol on purchase order #6790 totaling \$25,800, without soliciting bids.

Effect: The County was not in compliance with purchasing procedures as provided by state statutes.

Recommendation: OSAI recommends that the County comply with 19 O.S. § 1501.A.3.a and solicit bids for items exceeding \$10,000.00.

Views of responsible officials and planned corrective actions: The County Sheriff cars are now purchased through the bidding process.

Finding 2008-9 – Segregation of Duties

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 should be segregated.

Condition: Based on inquiries of County personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks were not adequately separated within the offices of the Assessor, Election Board, or 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.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Views of responsible officials and planned corrective actions: The offices are aware of this lack of segregation and will strive to implement cross-training in the offices so as to segregate duties better.

Finding 2008-14 – Commissary Fund

Criteria: Title 19 O.S. § 180.43.D. states, “Each county sheriff may operate, or contract the operation of, a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary...”

Condition: The Garfield County Sheriff’s Office transferred profit (\$26,917.96) from commissary sales into the County Sheriff Prisoner Fund rather than the required Sheriff Commissary Account.

Effect: When commissary funds are deposited into the County Prisoner Fund instead of the Commissary Account, improper use of funds could occur.

Recommendation: OSAI recommends the County Sheriff implement policies and procedures to ensure the commissary funds are deposited correctly into the Sheriff Commissary Account.

Views of responsible officials and planned corrective actions: The Sheriff will establish a separate Commissary Cash Fund.

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 2008-1 – Temporary Transfer Between Funds

Criteria: Title 68 O.S. § 3021 states, "...Fourth: If at any time during the budget year it appears to the county treasurer that there is temporarily insufficient money in a particular fund to meet the requirements of appropriation in the fund, the excise board, upon request of the county treasurer and upon notification to the county commissioners, may temporarily transfer money from one fund to any other fund with the permission of the county officer in charge of the fund that the money will be temporarily transferred from. No transfer shall be made from the debt service fund to any other fund except as may be permitted by the

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

terms of the bond issue or applicable law. Any funds temporarily transferred shall be repaid to the original fund from which they were transferred within the fiscal year that the funds were transferred."

Condition: The County made a temporary transfer of \$4,727.36 from the County Insurance Fund to the County General Fund on December 19, 2007. However, the funds were not transferred back to the County Insurance Fund by June 30, 2008.

Effect: This condition results in certain ending cash fund balances (actual cash actually on hand over and above all legal obligations) being over/understated as intended by budgetary legal levels of control set forth in the Estimate of Needs. Title 68 of Oklahoma Statutes provides procedures for temporary, supplemental, and additional appropriations, which have not been followed, resulting in unappropriated expenditures.

Recommendation: OSAI recommends that the County ensure that temporary transfers are transferred back to the original fund with the fiscal year.

Views of responsible officials and planned corrective actions: Interfund transfers will be made during the fiscal year only as necessary and the funds will be returned prior to the end of the fiscal year.

Finding 2008-7 – Open Meetings Act and Published Minutes of Proceedings

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, "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.

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 attend.

Views of responsible officials and planned corrective actions: Class A officers' minutes will be approved and a report will be published in all Board of County Commissioners' meetings.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding 2008-8 – Sheriff’s Cash Bonds Account – Daily Deposit of Funds

Criteria: 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 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: The audit of all receipts issued for the Sheriff’s Cash Bond Account during fiscal year 2007-2008, revealed that there were four receipts issued that were not deposited in an amount totaling \$3,683.80.

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

Recommendation: OSAI recommends all funds collected for the Sheriff’s Cash Bond Account be receipted and deposited into the Sheriff’s Official Depository Account.

Views of responsible officials and planned corrective actions: Three of the cash bonds went to municipal courts within the County, and were not deposited in the Sheriff’s Depository Account. The other bond was actually an own recognizance “OR” bond and didn’t require cash to be deposited.

Finding 2008-10 – Sheriff’s Inmate Trust Account – Daily Deposit (Repeat Finding)

Criteria: Effective accounting practices with regard to funds received by the county official include a receipt be issued for funds collected and that these funds be deposited daily.

Title 19 O.S. § 531.A states, "Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Condition: Deposits for the Sheriff’s Inmate Trust receipts were made between two and five days after receipts were written.

Effect: This condition could result in lost monies and misappropriation of trust fund cash.

Recommendation: OSAI recommends that all funds collected be deposited on a daily basis

Views of responsible officials and planned corrective actions: The Sheriff’s jail administrator will make every effort to deposit daily all inmate trust funds.

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Finding 2008-11 – Adult Drug Court – Receipts Not Deposited (Repeat Finding)

Criteria: Effective accounting practices with regard to funds received by the county official include a receipt be issued for funds collected and that these funds be deposited daily.

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 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: The Adult Drug Court issued total receipts of \$1,785.00, of which \$1,760.00 was deposited with the County Treasurer's office, which resulted in \$25.00 not deposited that was receipted.

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

Recommendation: OSAI recommends all funds collected for Adult Drug Court be receipted and deposited into the County Official Depository Account daily

Views of responsible officials and planned corrective actions: This fee was sent to an independent lab for secondary verification, rather than deposited into the drug court depository account. A separate receipt will be written in the future.

Finding 2008-12 - Monthly Official Depository Reports (Repeat Finding)

Criteria: Title 19 O.S. § 684 states in part, "...it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof."

Condition: The County Adult Drug Court, County Juvenile Drug Court, the Fair Association, and the Juvenile Office, did not submit monthly reports to the Board of County Commissioners detailing account activity within the official depository accounts.

Effect: The County Adult Drug Court, County Juvenile Drug Court, the Fair Association, and the Juvenile Office may not be properly reporting monies received or disbursed.

Recommendation: OSAI recommends that all officers collecting monies prepare and file a monthly report with the County Clerk.

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Views of responsible officials and planned corrective actions: All officers are now reporting, with the exception of the Fair Association.

Finding 2008-13 - Sheriff – Inmate Trust Account – Segregation of Duties and Reconciliation of Bank Account (Repeat Finding)

Criteria: Accountability and stewardship are overall goals in the evaluation of management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated. Additionally, someone other than the person reconciling bank statements should review and approve them.

Condition: Based upon inquiries of County personnel and test work performed, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately separated. There does not appear to be any type of approval with initials of a supervisor or officer that the reconciliation of bank statements are reviewed and correct nor any initials stating who performed the reconciliation.

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 the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of those operations.

Views of responsible officials and planned corrective actions: The jail administrator and one other deputy will implement a system of checking the bank reconciliation to provide a better segregation of duties over the inmate trust account.

Finding 2008-15 – Fixed Assets Inventory

Criteria: Title 19 O.S. § 178.1 states in part, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener..."

Condition: The audit of inventory items costing over \$500 revealed the following exceptions:

1. Four items in District 1 were not marked with county identification numbers. One item was incorrectly marked.

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2. Eight items in District 2 were not marked with county identification numbers.
3. Three items in District 3 were incorrectly marked.
4. Three items owned by all three Districts were not marked with county identification numbers.
5. Twenty-two new items from the courthouse inventory, including the Juvenile Department, Election Board, District 2, Drug Court, and Garber, Covington, Breckenridge, and Kremlin Fire Departments were not marked with county identification numbers.

Effect: Inventory items were not accurately identified and the County's assets may not be safeguarded.

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record.

Views of responsible officials and planned corrective actions: The offices will review inventory records and update equipment by correcting mismarked items and numbering other items in accordance with the County Clerk's inventory records.



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