

COUNTY AUDIT

GARFIELD COUNTY

For the fiscal year ended June 30, 2013



*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, 2013**

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Oklahoma State Auditor & Inspector

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

August 24, 2015

TO THE CITIZENS OF
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield County, Oklahoma for the fiscal year ended June 30, 2013. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

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

**GARFIELD COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**GARFIELD COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

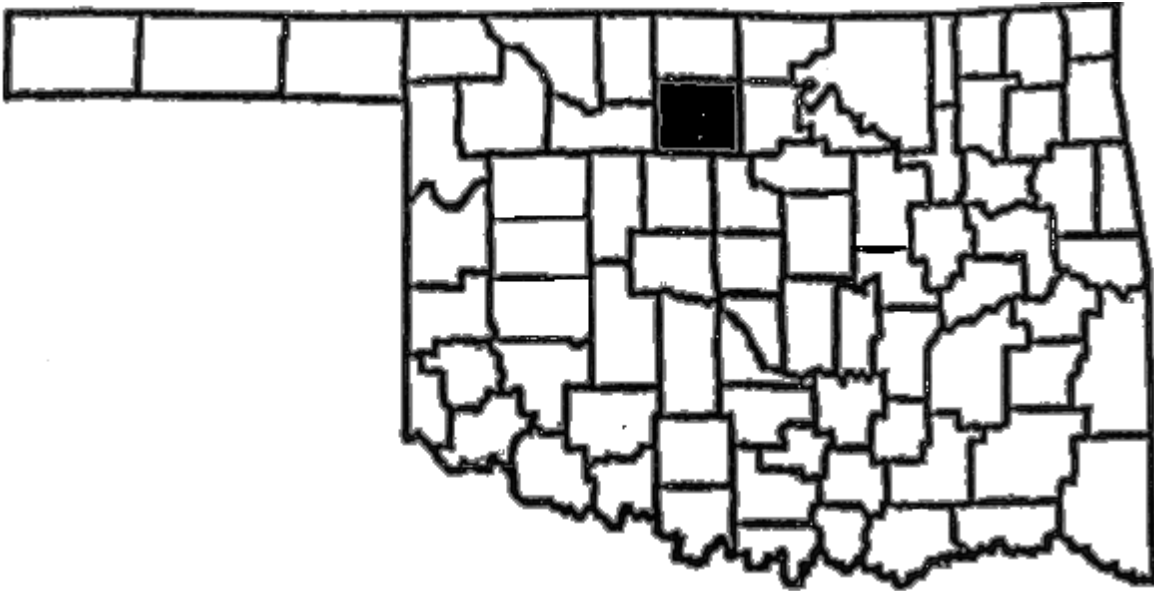
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INTRODUCTORY SECTION
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**GARFIELD COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



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. 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.

Recreational facilities included public golf courses, parks, and a swimming pool. An annual event of interest is the Tri-State Music Festival held in May for elementary and high school students.

The Garfield County Historical Society and *Garfield County Oklahoma 1893-1982* (in two volumes) are sources for more information. The Retired Senior Volunteer Program Information Center is open from 8 AM to 4 PM, Monday through Friday. Call the county clerk at 580/237-0225 or the Greater Enid Chamber of Commerce at 580/237-2494 for additional information.

County Seat – Enid

Area – 1,059.94 Square Miles

County Population – 61,189 (2012 est.)

Farms – 1,082

Land in Farms – 663,431 Acres

Primary Source: Oklahoma Almanac 2013-2014

**GARFIELD COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Marc Bolz
District 2 – Reese Wedel
District 3 – James C. Simunek

County Assessor

L. Wade Patterson

County Clerk

Kathy R. Hughes

County Sheriff

Jerry Niles

County Treasurer

Kevin R. Postier

Court Clerk

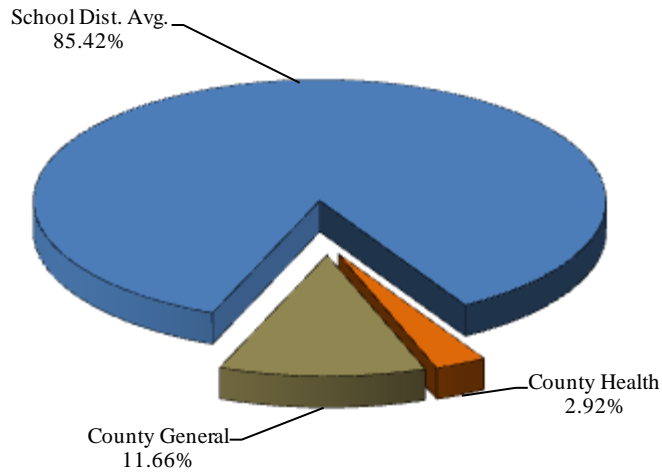
Margaret F. Jones

District Attorney

Michael Fields

**GARFIELD COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

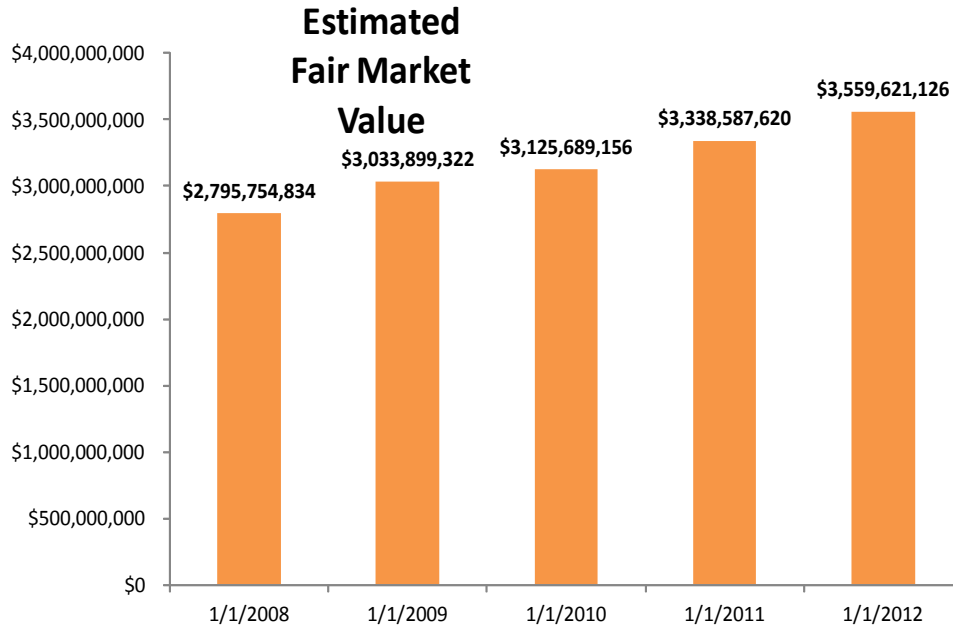
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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	6.07	15.70	4.22	69.03
		Kremlin-Hillsdale	SD18	37.91	5.42	10.55	15.70	4.22	73.80
		Chisholm	SD42	37.07	5.30	12.69	15.70	4.22	74.98
		Garber	SD47	36.70	5.24	22.30	15.70	4.22	84.16
		Pioneer-Pleasant Vale	SD56	36.06	5.15	12.81	15.70	4.22	73.94
		Enid	SD57	36.86	5.27	22.47	15.70	4.22	84.52
		Drummond	SD85	37.27	5.32	22.96	15.70	4.22	85.47
		Covington-Douglas	SD94	37.03	5.29	9.84	15.70	4.22	72.08

**GARFIELD COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

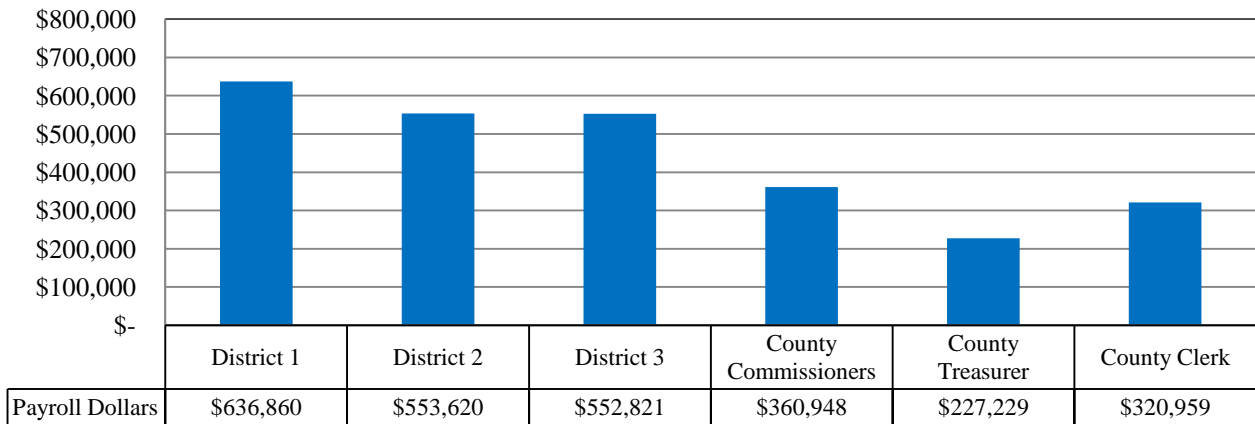
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$138,049,505	\$42,009,779	\$306,930,107	\$14,815,857	\$472,173,534	\$3,559,621,126
1/1/2011	\$114,699,403	\$42,876,233	\$298,285,347	\$14,974,084	\$440,886,899	\$3,338,587,620
1/1/2010	\$96,330,265	\$41,542,941	\$287,710,026	\$14,866,456	\$410,716,776	\$3,125,689,156
1/1/2009	\$98,368,486	\$39,842,618	\$275,467,934	\$14,794,305	\$398,884,733	\$3,033,899,322
1/1/2008	\$80,689,833	\$37,057,709	\$261,955,557	\$14,841,041	\$364,862,058	\$2,795,754,834



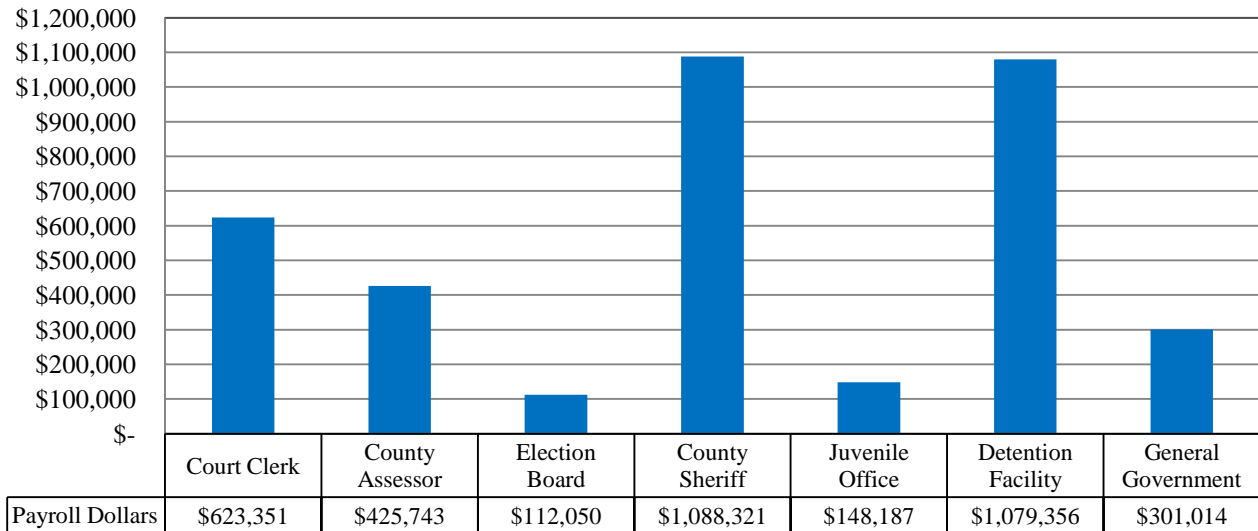
**GARFIELD COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2013.

Payroll Expenditures by Department



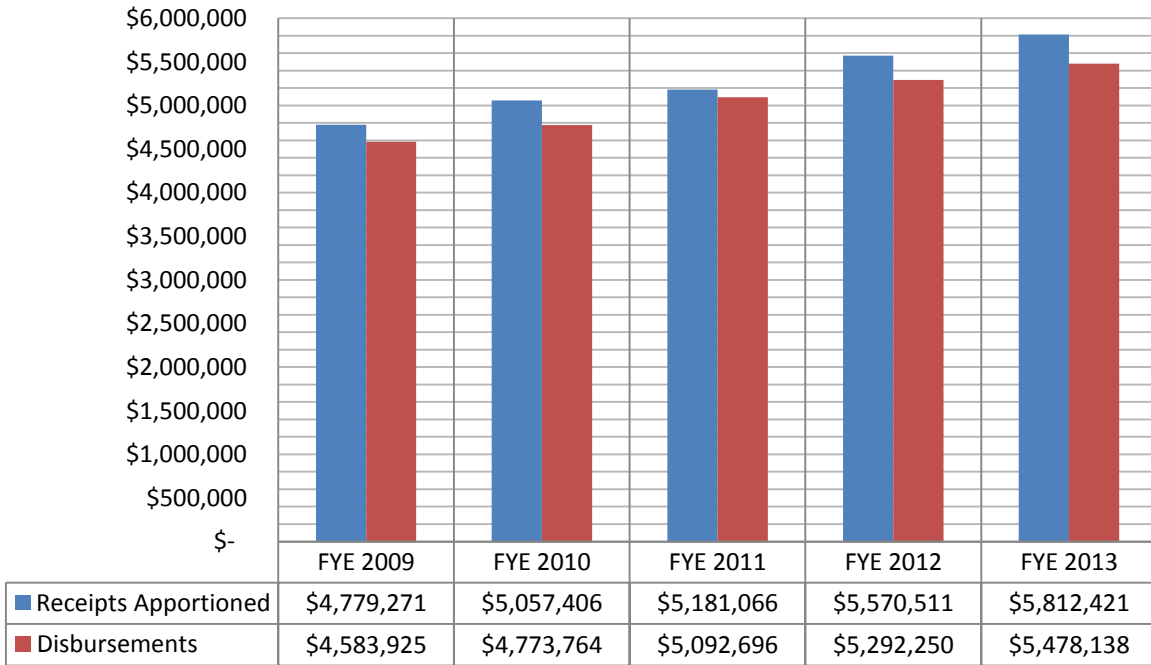
Payroll Expenditures by Department



**GARFIELD COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

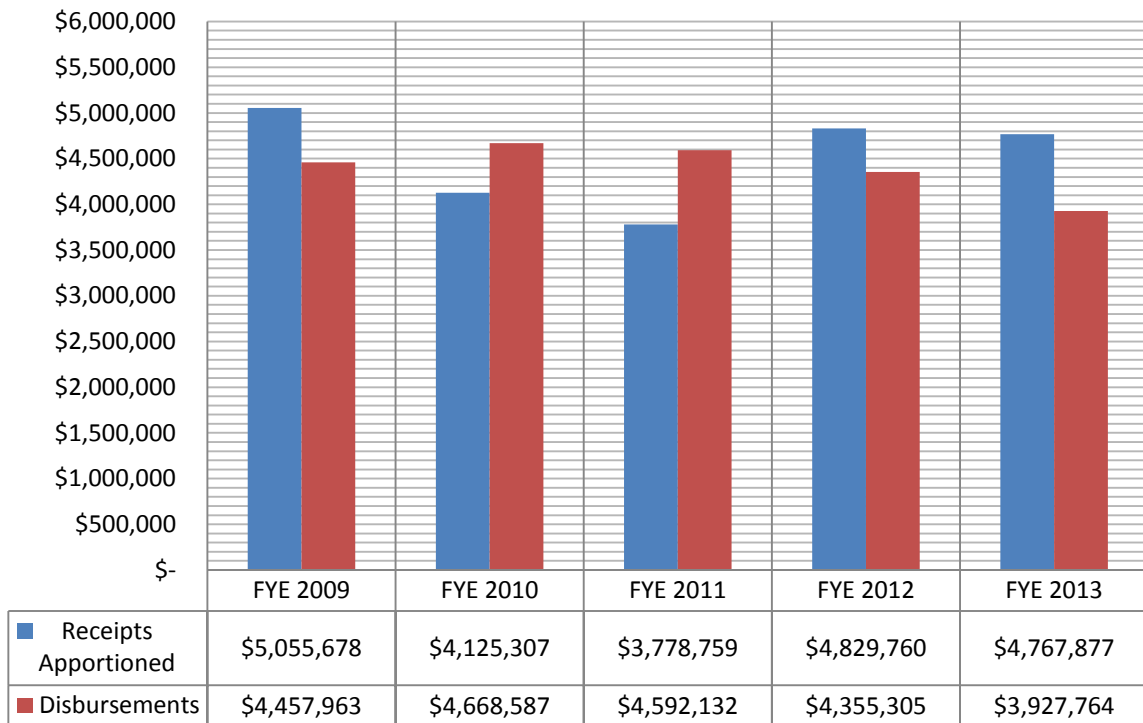
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also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



**GARFIELD COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
GARFIELD COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2013, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Garfield County as of June 30, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Garfield County, for the year ended June 30, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2015, 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 in considering Garfield County's internal control over financial reporting and compliance.

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

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

August 17, 2015

REGULATORY BASIS FINANCIAL STATEMENT

GARFIELD COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combining Information:						
Major Funds:						
County General Fund	\$ 2,396,405	\$ 5,812,421	\$ -	\$ -	\$ 5,478,138	\$ 2,730,688
County Highway Fund	1,530,668	4,767,877	-	-	3,927,764	2,370,781
County Health Department	1,449,134	1,212,170	-	-	1,240,406	1,420,898
Criminal Justice Authority and Jail Sales Tax	2,492,658	2,685,090	-	1,350,000	826,676	3,001,072
Detention Facility	43,531	154,621	1,350,000	-	1,451,557	96,595
Rural Fire Sales Tax	1,705,411	1,101,226	-	-	822,646	1,983,991
Sheriff County Prisoner Fund	160,651	973,706	-	-	835,693	298,664
Sheriff Service Fee	391,720	583,034	-	-	619,963	354,791
Remaining Aggregate Funds	3,082,949	1,700,956	450,797	400,000	1,746,635	3,088,067
Combined Total - All County Funds, as Restated	\$13,253,127	\$18,991,101	\$ 1,800,797	\$ 1,750,000	\$ 16,949,478	\$ 15,345,547

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, 2013**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

County General Fund – accounts for revenues from ad valorem, sales tax, officer's fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

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

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

Criminal Justice Authority and Jail Sales Tax – accounts for the sales tax received for erecting, furnishing, and equipping the Garfield County Detention Center and repaying the debt acquired in the process.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Detention Facility – accounts for bond fees received from the Court Clerk, prisoner housing reimbursement received from the City of Enid, and for sales tax revenue transferred from the Criminal Justice Authority and Jail Sales Tax fund. The disbursements are for maintaining and operating the Garfield County Detention Facility.

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.

Sheriff County Prisoner Fund – accounts for the collection and disbursement of money supplied to the Sheriff's office for the housing of prisoners for towns, tribes, and other counties. This money can be used for any lawful expenditure of the Sheriff's office.

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

C. Basis of Accounting

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

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

D. Budget

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

E. Cash and Investments

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

2. Ad Valorem Tax

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

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

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

D. Sales Tax

The voters of Garfield County approved a .25% (.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. These funds are accounted for within the Criminal Justice Authority and Jail Sales Tax, and Detention Facility funds.

The voters of Garfield County approved a .10% (.0010) county sales tax effective January 1, 2006, to be in effect until December 31, 2014. The sales tax is dedicated to the 12 county rural fire departments. These funds are accounted for within the Rural Fire Sales Tax fund.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

E. Interfund Transfers

During the fiscal year, the County made the following interfund transfers between funds.

- \$50,797 from Excess Resale, an agency fund, to the Resale Property fund for purpose of complying with Title 68 O.S. § 3131.
- \$1,350,000 from Criminal Justice Authority and Jail Sales Tax fund to Detention Facility fund for the operating and maintaining of the Garfield County Detention Facility as authorized by the sales tax ballot.
- \$400,000 from the County Use Tax fund to the Contingency Fund, as authorized by the Board of County Commissioners to offset any future liabilities.

F. Restatement of Prior Year Ending Cash Balance

Due to the reclassification of funds for the fiscal year ended June 30, 2012, the ending balance of the schedule included in the prior year operational audit report is different than the July 1, 2012, beginning balance. The difference is due to reclassification of the Highway Emergency Transportation Revolving fund (a trust and agency fund) that accounts for the amount to be repaid to the Circuit Engineering District. This amounted to a \$75,000 reduction.

Prior Year Ending Balance, as reported	\$13,328,127
Reclassification:	
Highway Emergency Transportation Revolving	(75,000)
Beginning Balance, As Restated	<u>\$13,253,127</u>

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, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,396,405	\$ 2,396,405	\$ -
Less: Prior Year Outstanding Warrants	(184,881)	(184,881)	-
Less: Prior Year Encumbrances	(137,580)	(82,511)	55,069
Beginning Cash Balances, Budgetary Basis	<u>2,073,944</u>	<u>2,129,013</u>	<u>55,069</u>
Receipts:			
Ad Valorem Taxes	4,349,898	4,736,932	387,034
Charges for Services	-	325,687	325,687
Intergovernmental Revenues	-	551,495	551,495
Miscellaneous Revenues	-	198,307	198,307
Total Receipts, Budgetary Basis	<u>4,349,898</u>	<u>5,812,421</u>	<u>1,462,523</u>
Expenditures:			
District Attorney	43,217	36,274	6,943
County Sheriff	920,028	850,258	69,770
County Treasurer	205,102	202,331	2,771
County Commissioners	398,648	389,068	9,580
OSU Extension	111,028	75,370	35,658
County Clerk	293,725	260,398	33,327
Court Clerk	481,622	471,192	10,430
County Assessor	357,338	339,839	17,499
Revaluation of Real Property	311,680	294,102	17,578
Juvenile Shelter Bureau	171,188	169,885	1,303
District Court	5,001	997	4,004
General Government	1,130,206	904,787	225,419
Excise-Equalization Board	13,450	11,311	2,139
County Election Board	164,472	126,872	37,600
Insurance - Benefits	1,465,401	1,305,972	159,429
Data Processing	37,493	27,758	9,735
Charity	1,875	375	1,500
Recording Account	61,652	25,000	36,652
Civil Defense/Emergency Management	37,276	34,719	2,557
Planning Commission	1	-	1
Courthouse Security	1	-	1
Juvenile Detention	71,500	49,792	21,708
County Audit Budget Account	99,438	47,571	51,867
Free Fair Budget Account	20,000	20,000	-
Postage	22,500	22,500	-
Total Expenditures, Budgetary Basis	<u>6,423,842</u>	<u>5,666,371</u>	<u>757,471</u>

Continued on next page

**GARFIELD COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	2,275,063	\$ 2,275,063
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		40	
Add: Current Year Outstanding Warrants		209,113	
Add: Current Year Encumbrances		246,472	
Ending Cash Balance		\$ 2,730,688	

**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, 2013**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,449,134	\$ 1,449,134	\$ -
Less: Prior Year Outstanding Warrants	(791)	(791)	-
Less: Prior Year Encumbrances	(192,481)	(173,695)	18,786
Beginning Cash Balances, Budgetary Basis	1,255,862	1,274,648	18,786
Receipts:			
Ad Valorem Taxes	1,089,538	1,186,480	96,942
Charges for Services	23,895	23,895	-
Intergovernmental Revenues	-	1,702	1,702
Miscellaneous Revenues	-	93	93
Total Receipts, Budgetary Basis	1,113,433	1,212,170	98,737
Expenditures:			
Health and Welfare	2,369,295	1,406,655	962,640
Total Expenditures, Budgetary Basis	2,369,295	1,406,655	962,640
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,080,163	\$ 1,080,163
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		335,508	
Add: Current Year Outstanding Warrants		5,227	
Ending Cash Balance		\$ 1,420,898	

GARFIELD COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:						
Special Insurance	\$ 186,473	\$ 534,899	\$ -	\$ -	\$ 684,003	\$ 37,369
County Bridge and Road Improvement Fund	888,292	393,389	-	-	489,164	792,517
County Use Tax	145,951	301,055	-	400,000	-	47,006
Resale Property	495,125	175,433	50,797	-	86,182	635,173
County Clerk Records Preservation Fee	39,719	82,695	-	-	48,287	74,127
County Clerk Lien Fee	80,220	62,743	-	-	47,780	95,183
Sheriff Commissary	46,763	31,742	-	-	50,666	27,839
Educational Facility Authority	97,741	27,506	-	-	-	125,247
Contingency Fund	978,137	21,441	400,000	-	288,273	1,111,305
Garfield County Emergency Management Program	1	18,125	-	-	18,125	1
Sheriff Training	5,357	15,473	-	-	5,956	14,874
Sheriff Juvenile Justice	9,921	13,238	-	-	11,736	11,423
Treasurer Mortgage Tax Certification Fee	3,295	9,950	-	-	5,682	7,563
Sheriff Drug	8,771	5,912	-	-	-	14,683
County Assessor Fee	10,600	4,878	-	-	1,845	13,633
Sheriff K9 Donation	-	1,355	-	-	105	1,250
Sheriff DARE	2,540	900	-	-	2,048	1,392
Sheriff Environmental Quality	891	222	-	-	-	1,113
Sheriff Estray Animal	710	-	-	-	-	710
Assessor Visual Inspection	31,986	-	-	-	-	31,986
Garfield County Economic Development Authority	23,330	-	-	-	6,283	17,047
Local Emergency Planning	15,835	-	-	-	500	15,335
Sheriff Reserve	8,297	-	-	-	-	8,297
Sheriff Unclaimed Property	1,414	-	-	-	-	1,414
Safe Room Program	1,080	-	-	-	-	1,080
Sheriff Confidential Purchase	500	-	-	-	-	500
Combined Total - Remaining Aggregate Funds	\$ 3,082,949	\$ 1,700,956	\$ 450,797	\$ 400,000	\$ 1,746,635	\$ 3,088,067

**GARFIELD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Budgetary Schedules

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

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

2. Remaining County Funds

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

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

County Bridge and Road Improvement Fund – accounts for state receipts and disbursements are for the purpose of maintaining bridges and roads.

County Use Tax – accounts for the use tax collected by the State of Oklahoma and disbursed to the County to be spent as directed by the Board of County Commissioners.

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

County Clerk Records Preservation Fee – accounts for revenues from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

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

Sheriff Commissary – accounts for the profit of collection of funds on items sold to prisoners, and used to purchase additional merchandise to be sold.

Educational Facility Authority – accounts for the annual administrative fee for Enid Public Schools Bonds.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Contingency Fund – accounts for the amount reserved for possible future liabilities.

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

Sheriff Training – accounts for the collection and disbursement of money supplied to the Sheriff’s office for the training of officers.

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

Treasurer Mortgage Tax Certification Fee – accounts for revenues from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer’s office.

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

County Assessor Fee – accounts for revenues from fees charged by the County Assessor. Disbursements are for any lawful expense of the Assessor’s office.

Sheriff K9 Donation – accounts for the donations for the purchase of a replacement drug dog.

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

Sheriff Environmental Quality – accounts for a percentage of fines imposed for littering in accordance with Title 21 § 1753.3 and § 1761.1 of the Oklahoma Statutes. The money is used to pay rewards for the arrest and conviction or for evidence leading to the arrest and conviction of any person who violates the provisions of the aforementioned sections and to offset the cost of any special enforcement programs originated by any law enforcement agency responsible for the arrest or prosecution of any person who violates the provisions of Title 21 § 1753.3 and § 1761.1 of the Oklahoma Statutes.

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.

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

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

Local Emergency Planning – accounts for revenues from the State of Oklahoma and are provided for the purchase of equipment for Emergency Management.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

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

TO THE OFFICERS OF
GARFIELD COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2013, which comprises Garfield County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 17, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2013, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2013-1 and 2013-3.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies: 2013-2, 2013-4, and 2013-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garfield County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-3, and 2013-4.

We noted certain matters regarding statutory compliance 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 Responses to Findings

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

Purpose of this Report

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

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



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

August 17, 2015

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-1 – Inadequate County-Wide Controls (Repeat Finding)

Condition: The County has not addressed all of the components of an internal control framework which are the control environment, risk assessment, information and communication, and monitoring.

Cause of Condition: This condition is a result of the County not being aware of how the process of identifying risk, implementing control activities, communicating pertinent information and monitoring could positively impact the operations and reporting of the County.

Effect of Condition: This condition does not allow the County to function in the most effective manner possible.

Recommendation: The Oklahoma State Auditor & Inspector (OSAI) recommends that the County design procedures to document their Internal Control Framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps to take to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time.

Management Response:

County Commissioners: We will encourage each officer to familiarize themselves with the Green Book. Then through Class A Officer meetings, we can begin the implementation of the Green Book.

County Clerk: Someone has to take initiative to get County-Wide Controls started. I feel that the Commissioner's need to start this process. I am willing to participate in any discussions held in Class A officer's meeting regarding this issue.

County Treasurer: I will participate in the discussion held in the Class A officers' meeting and provide input as needed.

County Assessor: I agree we do need to have more documentation of County-Wide Controls.

County Sheriff: I am willing to participate in any discussions held in Class A officers' meeting regarding this issue.

Court Clerk: I am willing to participate in any discussions regarding the documentation and implementation of County-Wide controls as outlined in the GAO's Green Book.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Control Environment, Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

Finding 2013-2 – Written Disaster Recovery Plans

Condition: The County Commissioners, County Clerk, County Treasurer, Court Clerk, and County Assessor do not have a current written Disaster Recovery Plan.

Cause of Condition: Policies and procedures have not been designed to develop and implement a formal Disaster Recovery Plan for each office.

Effect of Condition: The failure to have a formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster.

Recommendation: OSAI recommends the County Commissioners, County Clerk, County Treasurer, Court Clerk, and County Assessor develop a current Disaster Recovery Plan which is stored off-site. The County should study and act on different proposals to ensure that back-up tapes of all records in the County are stored in a safe, secure and remote location, off the premises from the courthouse, where information could be easily retrieved by authorized personnel in the event of a disaster.

Management Response:

District 1 County Commissioner: I will review the guidelines and use those guidelines to prepare a Disaster Recovery Plan.

District 2 County Commissioner: I will work towards getting a Disaster Recovery Plan in place and work with other officers in the Class A Officers' meetings to discuss their plans.

District 3 County Commissioner: I will work to develop a written Disaster Recovery Plan for District 3.

County Clerk: In the prior audit, I was under the impression that a county-wide Disaster Recovery Plan was needed. I will review the guidelines and begin designing one specifically for the County Clerk's office.

County Treasurer: I will look at the Disaster Recovery Plan on the OSAI website.

County Assessor: We need to formulize a Disaster Recovery Plan for each office as well as one for the offices whose information systems are linked together.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Sheriff: I will incorporate our existing memos and guidelines in order to form a complete Disaster Recovery Plan.

Court Clerk: I am in the process of preparing the Disaster Recovery Plan for my office. After receiving notification on what the alternate site to resume operations is, I will finalize my plan.

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery and Support 4.3), 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,
- 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.

According to the standards of the Information Systems Audit and Control Association (CobiT 4.1, Delivery and Support, 5.3 Identity Management), information services function management should ensure that all users (internal, external, and temporary) and their activity on IT systems (business application, IT environment, system operations, development, and maintenance) are uniquely identifiable. Enable user identities via authentication mechanisms. Confirm that user access rights to systems and data are in line with defined and documented business needs and that job requirements are attached to user identities. Ensure that user access rights are requested by user management, approved by system owners and implemented by the security-responsible person. Maintain user identities and access rights in a central repository. Deploy cost-effective technical and procedural measures, and keep them current to establish user identification, implement authentication and enforce access rights.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-3 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: Upon discussion with officials, observation of the disbursement process, and tests of disbursements, we noted the following weaknesses regarding the disbursement process:

- The duties of processing payroll were not adequately segregated. The Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports.
- The Payroll Clerk is also responsible for logging on to the financial institution website and initiating the direct deposit.
- The test of fifty-six disbursements indicated the following exceptions:
 - Five instances were noted where the purchase orders were not properly encumbered.

Fund	Office/District	Purchase Order Number	Amount
County General Fund	Assessor	2379	\$92.00
County General Fund	Assessor	6140	\$35,000.00
County Health Department	Health Department	6250	\$1,503.56
Special Insurance	Free Fair	1314	\$19,887.50
Special Insurance	Free Fair	815	\$221,492.50

- Three of the disbursements did not have supporting documentation attached.

Fund	Office/District	Purchase Order Number	Amount
County Health Department	Health Department	6374	\$3,410.75
Sheriff Service Fee	Sheriff	3842	\$7,077.57
Sheriff Service Fee	Sheriff	4474	\$8,579.09

- Twenty-one purchase orders for payroll had incomplete payroll claims submitted for payment; therefore, we were unable to obtain reasonable assurance that the disbursements were made for the appropriate amount.

Cause of Condition: Policies and procedures with regard to segregating the duties over the purchasing and payroll processes have not been designed and implemented due to the officials being unaware of the necessity of such procedures.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financials reports, undetected errors, and misappropriation of funds.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Recommendation: OSAI recommends the following key accounting functions of the payroll process be adequately segregated:

- Posting new hires and/or making payroll changes to the payroll system,
- Maintaining personnel files,
- Performing the direct deposit, and
- Preparing end of month payroll reports.

Further, OSAI recommends the following in accordance with 19 O.S. § 1505C and § 1505E.

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of county funds should be supported with invoices and receiving reports.

Management Response:

District 1 County Commissioner: I will be more aware of these items when I review the purchase orders in the future.

District 2 County Commissioner: I will encourage discussion about purchasing procedures to make sure we are in compliance with purchasing laws.

District 3 County Commissioner: I intend to pay more attention to purchase orders to ensure they are completed and accurate before signing off on them.

County Clerk: We have two additional employees that are being trained on the payroll process. I will encourage the other offices to encumber prior to purchases. On payroll claims, we will attach a detailed information sheet to identify the withholding amounts.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorization, and distribution should be segregated.

Finding 2013-4 – Inadequate Internal Controls and Noncompliance Over Discrete Presentation of Sales Tax Activity

Condition: Sales tax collections transferred to the Detention Facility Fund are comingled with revenue from other sources.

Cause of Condition: The County was not aware that the state statute regarding County sales tax had been clarified by two subsequent Attorney General Opinions.

Effect of Condition: These conditions have resulted in nonconformity with the AG Opinions and the intent of the County sales tax statute.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Recommendation: We recommend that the County establish policies and procedures that would allow for the sales tax balances and activity to be distinguished from other revenue sources activity within the County General Fund or account for sales tax activity in revolving fund as required by state statute.

Management Response:

District 1 County Commissioner: The Board will meet and create a second account to keep sales tax money from being comingled with other sources of revenue.

District 2 County Commissioner: We need to work with the Treasurer's office to set up a different fund to keep sales tax separate from other sources of revenue.

District 3 County Commissioner: The Board will meet and discuss ways to keep sales tax money from being comingled with other sources of revenue.

County Treasurer: I will discuss this matter with the budget maker to resolve this issue.

Criteria: Title 68 O.S. § 1370E, requires the sales tax collections be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

AG opinion 2005 OK AG 23 dated 07/13/2005 states:

3. Proceeds of a county sales tax voted for a specific purpose but placed in the county's general fund must be accounted for as a discrete fund, and any surplus not needed for the stated purpose during one fiscal year must be transferred to the county budget for the next fiscal year, for the same specified purpose.

AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; 68 O.S.2011, § 1370; 19 O.S.Supp.2013, § 339; 19 O.S.2011, § 345; Cavin v. Bd. of County Comm'rs, 1934 OK 245 ¶ 11, 33 P.2d 477, 479.

Finding 2013-5 – Inadequate Internal Controls Over the Reconciliation of County Clerk's Appropriation Ledger to County Treasurer's General Ledger

Condition: The County Clerk's appropriation ledger was not reconciled to the County Treasurer's general ledger during the fiscal year 2013.

Cause of Condition: Policies and procedures have not been designed regarding a monthly reconciliation of the County Clerk's appropriation ledger to the County Treasurer's general ledger.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, or clerical errors that are not detected in a timely manner.

Recommendation: OSAI recommends that the County Clerk's appropriation ledger be reconciled to the County Treasurer's general ledger on a monthly basis.

Management Response:

County Clerk: I will attempt to make that reconciliation on a monthly basis.

County Treasurer: I will look into this and discuss it with the programmer.

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

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 2013-6 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Upon inquiry of County officials and employees, and observation of records in regard to the Inmate Trust Fund Checking Account and the Sheriff Commissary fund the following weaknesses were noted:

- Nine checks totaling \$13,171.55 were issued to payees not authorized by statute.
- Funds were not deposited daily.
- The Annual Commissary Report filed by the Sheriff's office did not include Sheriff Commissary fund beginning and ending balances and expenditures.

Furthermore, internal controls have not been established to ensure amounts credited to inmate accounts reconcile to amounts deposited. As a result, unresolved adjustments are carried forward in order to reconcile the banks statements. At June 30, 2013 the total amount of these adjustments was \$685.87.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that controls are in place with regard to Inmate Trust Fund Checking Account and Sheriff Commissary fund financial operations. The Sheriff issued checks from the Inmate Trust Fund Checking Account rather than transferring the proceeds from the inmate sales to the Sheriff Commissary fund for disbursement.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Effect of Condition: These conditions resulted in noncompliance with the state statutes. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the total of inmate's trust fund balances should be reconciled to the bank statements each month, collection of inmate monies should be deposited daily, and no operating expenditures should be made from this fund. Furthermore; an annual report of commissary operations should be submitted to the Board of County Commissioners no later than January 15th of each year.

Management Response:

Sheriff: We are currently working on making sure deposits are made daily. We will work with the Court Clerk to develop a system to pay inmate court costs in a manner allowable by state statute. We will file an Annual Commissary Report with the County Commissioners on or before January 15th. This report will contain the expenditures from the Sheriff Commissary fund. We will work to resolve the adjustments used to reconcile the bank statements.

Criteria: Title 19 O.S. § 180.43D outlines the procedures for the County Sheriff to establish a Sheriff Commissary Fund and accounting procedures for this fund and filing an Annual Commissary Report with the Board of County Commissioners by January 15, of the following calendar year. Further, Title 19 O.S. § 180.43 provides guidance in accounting for inmate trust monies deposited and expended from the Inmate Trust Fund Checking Account.



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