

**GARFIELD COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

January 28, 2004

TO THE CITIZENS OF
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield County, Oklahoma, for the fiscal year ended June 30, 2003. 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 serve the public interest by providing independent oversight and to issue 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 cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

STATISTICAL DATA (Unaudited)

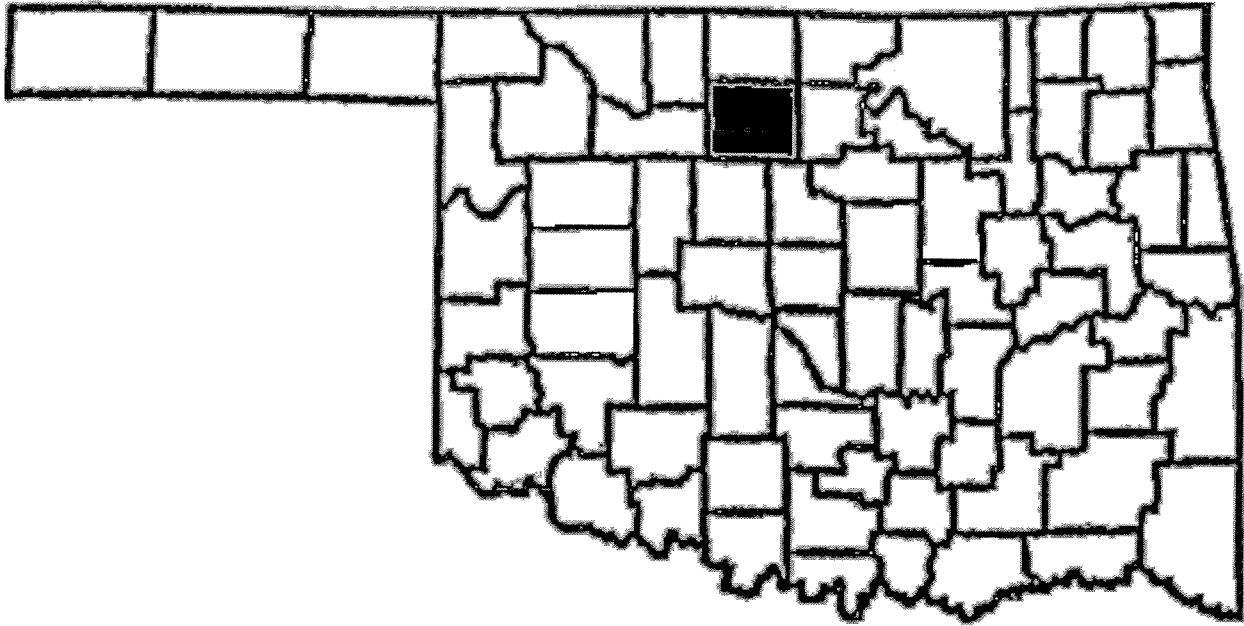
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REPORT TO THE CITIZENS
OF
GARFIELD COUNTY, OKLAHOMA



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 – 1058.5 Square Miles

County Population – 57,813
(2000 est.)

Farms – 1,069

Land in Farms - 614,690 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR

Wade Patterson
(R) Enid

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
(R) Enid

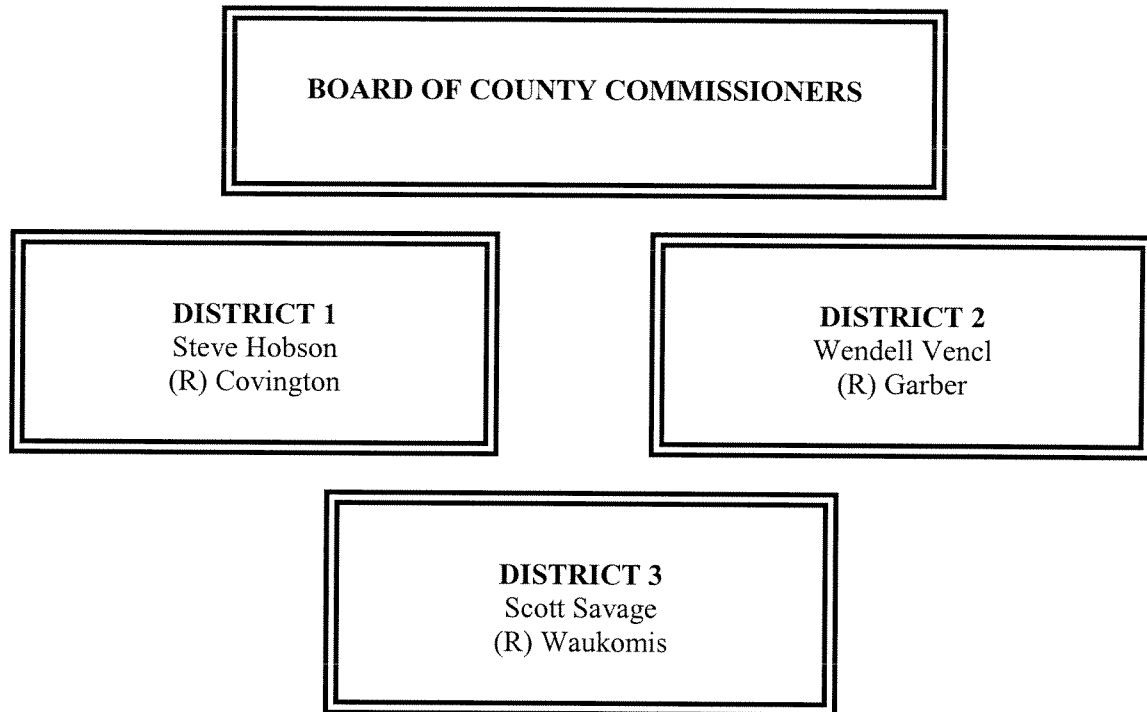
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Bill Winchester
(R) Enid

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

Shirley Lorenz
(R) Enid

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK

Sharon Melrose
(R) Enid

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
(R) Enid

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

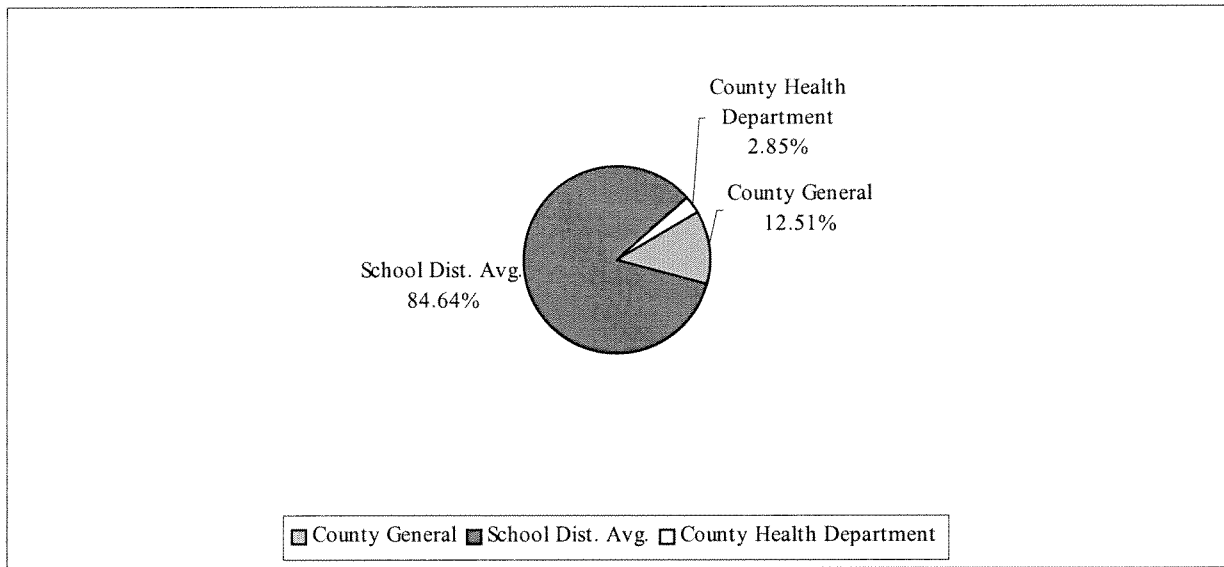
Wenona R. Marshall
(D) Enid

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.

**AD VALOREM DISTRIBUTION
GARFIELD COUNTY, OKLAHOMA
SHARE OF THE AVERAGE MILLAGE**

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.	Vo-Tech	Vo-Tech Building	Common	Total
Co. General	10.54									
County Health	2.40	Waukomis	SD1	37.66	5.38	16.00	10.54	5.16	4.22	78.96
		Kremlin-Hillsdale	SD18	37.91	5.42	2.77	10.54	5.16	4.22	66.02
		Chisholm	SD42	37.07	5.30	6.33	10.54	5.16	4.22	68.62
City Millages		Garber	SD47	36.70	5.24	14.23	10.54	5.16	4.22	76.09
Enid	1.10	Pioneer-Pleasant Vale	SD56	36.06	5.15	4.05	10.54	5.16	4.22	65.18
Waukomis	16.56	Enid	SD57	36.86	5.27	7.89	10.54	5.16	4.22	69.94
		Drummond	SD85	37.27	5.32	10.12	10.54	5.16	4.22	72.63
		Covington-Douglas	SD94	37.03	5.29	10.97	10.54	5.16	4.22	73.21

See independent auditor's report.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
GARFIELD COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Garfield County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Garfield County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Garfield County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Garfield County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Garfield County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Garfield County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in dark ink, reading "Jeff A. McMahar". The signature is fluid and cursive, with the first name "Jeff" being particularly prominent.

JEFF A. McMAHAN
State Auditor and Inspector

November 17, 2003

Special-Purpose Financial Statements

**GARFIELD COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2003**

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Transfers In	Transfers Out	Ending Cash Balances June 30, 2003
County General Fund	\$ 1,008,984	\$ 3,912,101	\$ 3,775,587		\$ 1,775	\$	\$ 1,147,273
County Highway Cash	2,097,198	3,736,613	3,837,327				1,996,484
County Health Department	944,907	713,126	1,012,362				645,671
Resale Property	86,708	106,856	71,832		5,271		127,003
Sheriff Service Fee	59,129	226,240	236,677				48,692
Sheriff Training	1,278	5,881	3,316				3,843
Sheriff County Prisoner	24,704	213,227	188,170				49,761
Sheriff Reserve	2,577		2,561				16
Sheriff Drug	1,614						1,614
Sheriff Juvenile Justice Grant	61,296	127,806	120,034				69,068
Sheriff Environmental Control	176						176
Sheriff DARE	400	500	318				582
Sheriff Confidential Purchasing	500						500
Sheriff Estray Cattle	183						183
Sheriff Community Service	26,501	25,614	22,659				29,456
County Clerk Lien Fee	25,630	11,901	30,646				6,885
County Clerk Records Preservation Fee	54,064	73,870	81,410				46,524
Treasurer Mortgage Tax Certification Fee	13,412	18,210	16,507				15,115
County Assessor Visual Inspection	72,629	1,418	1,450				72,597
County Assessor Fee	7,403	18,613	10,726				15,290
Special Insurance	10,822	1,218	6,102				5,938
Rural Fire	1,381,454	570,639	514,967				1,437,126
Jail Sales Tax		430,955	293,342				137,613
County Use Tax		44,309					44,309
Garfield Co. Economic Development Authority	26,352	49,729	52,104				23,977
Safe Room Programs	1,080						1,080
Garfield Co. Emergency Management Program	4,436		2,646				1,790
Garfield County Child Advocacy	9,287	5,311	14,598				
County Building	5,335						5,335
County Insurance	2,342,402	52,500	90,772				2,304,130
Schools	3,724,451	29,105,838	28,791,296				4,038,993
Cities and Towns	45,697	766,649	767,676				44,670
Law Library	7,607	43,503	42,432				8,678
Excess Resale	6,517					(5,271)	1,246
County Funded Payroll	12,856	158,739	163,714				7,881
Conservancy Remit	33	4,752	4,716				69
Individual Redemption	3,573	16,482	15,286			(1,775)	2,994
Official Depository	501,856	8,309,510	8,467,317	6,996			351,045
Protest Tax	140,678	294,339	27,686				407,331
District Attorney Drug Enforcement	10,119	21,558	11,955				19,722
District Attorney Court Grant	13,329	34,901	35,720				12,510
District Victim/Witness	590						590
Total County Funds	<u>\$ 12,737,767</u>	<u>\$ 49,102,908</u>	<u>\$ 48,713,911</u>	<u>\$ 6,996</u>	<u>\$ 7,046</u>	<u>\$ (7,046)</u>	<u>\$ 13,133,760</u>

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

GARFIELD COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,008,984	\$ 1,008,984	\$ 1,008,984	\$ -
Less: Prior Year Outstanding Warrants	(24,994)	(24,994)	(24,959)	35
Less: Prior Year Encumbrances	(62,127)	(62,127)	(42,251)	19,876
Beginning Cash Balances, Budgetary Basis	921,863	921,863	941,774	19,911
Receipts:				
Ad Valorem Taxes	2,697,985	2,697,985	2,922,790	224,805
Charges for Services	233,197	236,047	280,353	44,306
Intergovernmental Revenues	385,521	385,521	410,329	24,808
Miscellaneous Revenues	162,615	162,616	298,629	136,013
Total Receipts, Budgetary Basis	3,479,318	3,482,169	3,912,101	429,932
Expenditures:				
District Attorney	28,137	23,912	17,680	6,232
Capital Outlay	2,000	2,000	1,839	161
Total District Attorney	30,137	25,912	19,519	6,393
County Sheriff	934,200	917,580	902,830	14,750
Capital Outlay	100	17,100	10,500	17,100
Total County Sheriff	934,300	934,680	913,330	21,350
County Treasurer	150,960	150,960	143,182	7,778
Capital Outlay				
Total County Treasurer	150,960	150,960	143,182	7,778
County Commissioners	79,551	79,976	79,975	1
Capital Outlay	500	75		75
Total County Commissioners	80,051	80,051	79,975	76
OSU Extension	84,300	89,042	87,787	1,255
Capital Outlay	500	500	420	80
Total OSU Extension	84,800	89,542	88,207	1,335
County Clerk	203,461	203,961	200,500	3,461
Capital Outlay	3,750	3,250	2,895	355
Total County Clerk	207,211	207,211	203,395	3,816
Court Clerk	254,440	254,440	253,905	535
Capital Outlay				
Total Court Clerk	254,440	254,440	253,905	535
County Assessor	237,320	237,320	222,376	14,944
Capital Outlay	6,400	6,400	6,148	252
Total County Assessor	243,720	243,720	228,524	15,196
Revaluation of Real Property	201,420	201,420	186,520	14,900
Capital Outlay	6,800	6,800	4,609	2,191
Total Revaluation of Real Property	208,220	208,220	191,129	17,091
Juvenile	79,440	78,584	78,552	32
Capital Outlay	2,000	2,856	2,850	6
Total Juvenile	81,440	81,440	81,402	38

continued on next page

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

GARFIELD COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

continued from previous page

	Original Budget	Final Budget	Actual	Variance
District Court	1	1		1
Capital Outlay	2,500	3,250	3,250	
Total District Court	2,501	3,251	3,250	1
General Government	798,540	801,786	602,867	198,919
Capital Outlay	20,000	20,000	4,000	16,000
Total General Government	818,540	821,786	606,867	214,919
Excise-Equalization Board	10,600	10,600	7,900	2,700
Capital Outlay				
Total Excise-Equalization Board	10,600	10,600	7,900	2,700
County Election Board	115,486	118,336	92,422	25,914
Capital Outlay	3,000	3,000	1,799	1,201
Total County Election Board	118,486	121,336	94,221	27,115
Total Insurance	922,004	917,262	750,435	166,827
Data Processing	24,822	24,822	12,498	12,324
Capital Outlay	1,200	1,200	1,030	170
Total Data Processing	26,022	26,022	13,528	12,494
Charity		300	300	
Capital Outlay	1,000	700		700
Total Charity	1,000	1,000	300	700
Recording Account	23,840	23,840	18,840	5,000
Capital Outlay				
Total Recording Account	23,840	23,840	18,840	5,000
Civil Defense	6,462	5,962	5,748	214
Capital Outlay	1,600	2,100	367	1,733
Total Civil Defense	8,062	8,062	6,115	1,947
Planning Commission	1,000	1,000		1,000
Capital Outlay				
Total Planning Commission	1,000	1,000		1,000
Courthouse Security	18,840	18,840	18,820	20
Capital Outlay				
Total Courthouse Security	18,840	18,840	18,820	20
Juvenile Detention	45,000	45,000	33,625	11,375
Capital Outlay				
Total Juvenile Detention	45,000	45,000	33,625	11,375
County Audit Budget	28,157	28,157	28,157	
Capital Outlay				
Total County Audit Budget	28,157	28,157	28,157	
Free Fair Budget	40,000	40,000	40,000	
Capital Outlay				
Total Free Fair Budget	40,000	40,000	40,000	
Library Budget	24,250	24,100	23,717	383
Capital Outlay				
Total Library Budget	24,250	24,100	23,717	383
Postage Meter	37,600	37,600	36,205	1,395
Capital Outlay				
Total Postage Meter	37,600	37,600	36,205	1,395

continued on next page

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

GARFIELD COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Expenditures, Budgetary Basis	<u>4,401,182</u>	<u>4,404,032</u>	<u>3,884,548</u>	<u>519,484</u>
Transfers In			1,175	1,175
Excess of Receipts and Beginning Cash and Transfers In Over Expenditures Budgetary Basis	<u>-</u>	<u>-</u>	<u>971,102</u>	<u>971,102</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			86,966	
Add: Current Year Outstanding Warrants			<u>89,205</u>	
Ending Cash Balance			<u>1,147,273</u>	

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

GARFIELD COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
COUNTY HEALTH DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2003

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 944,907	\$ 944,907	\$ 944,907	\$ -
Less: Prior Year Outstanding Warrants	(11,433)	(11,433)	(11,209)	224
Less: Prior Year Encumbrances	(95,466)	(95,466)	(62,100)	33,366
Beginning Cash Balances, Budgetary Basis	838,008	838,008	871,598	33,590
Receipts:				
Ad Valorem Taxes	614,342	614,342	666,817	52,475
Miscellaneous Revenues	2,650	42,690	46,309	3,619
Total Receipts, Budgetary Basis	616,992	657,032	713,126	56,094
Expenditures:				
Health and Welfare	1,292,063	1,220,040	845,899	374,141
Capital Outlay	162,937	275,000	162,937	112,063
Total Expenditures, Budgetary Basis	1,455,000	1,495,040	1,008,836	486,204
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	575,888	\$ 575,888
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			67,483	
Add: Current Year Outstanding Warrants			2,300	
Ending Cash Balance			\$ 645,671	

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

**GARFIELD COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances
	July 1, 2002				June 30, 2003
District Court Clerk	\$ 315,633	\$ 2,653,286	\$ 2,749,232	\$ 5,694	225,381
District Court Fund	86,379	834,190	902,740	498	18,327
District Court Revolving	23,603	33,102	34,873		21,832
County Sheriff	2,559	73,675	73,465		2,769
County Clerk	33,154	491,088	483,429		40,813
County Treasurer	19,141	3,853,524	3,852,168	5	20,502
County Election Board	690	65,309	64,929	498	1,568
County Health Department	2,680	51,591	49,828		4,443
Fair Association	1,499	208,870	209,849		520
County Assessor	681	18,923	18,613		991
Juvenile Office	12,557	11,178	11,110		12,625
District Attorney	3,280	14,774	17,081	301	1,274
Total Official Depository Accounts	<u>\$ 501,856</u>	<u>\$ 8,309,510</u>	<u>\$ 8,467,317</u>	<u>\$ 6,996</u>	<u>\$ 351,045</u>

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

Notes to the Financial Statements

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Garfield County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund is the only fund required to adopt a formal budget. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund and county health department fund.

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund presents 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 Statement of Receipts, Disbursements, and Changes in Fund Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability - 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 authorized deductibles, the County would have to pay its share of the pool deficit.
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Health and Life	The County participates in	If claims exceed authorized
- Medical	the Oklahoma Public	deductibles, the County
- Disability	Employees Health and	would have surcharges
- Dental	Welfare Plan.	assessed to pay the excess
- Life	(See OPEH&WP.)	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 will pay a deductible amount (\$1,000 to \$10,000; the County has a \$25,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

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. The pool has assessed additional premiums to be paid by its members in the current fiscal year.

The County established a limited risk management program for worker's compensation in 1992. Interfund transfers were made to the internal service fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. For the fiscal year 2002-2003, the County paid the worker's compensation premium of \$81,250 and property insurance premium of \$9,522 from the fund.

G. Compensated Absences

Vacation benefits are earned by the employee during the year based on the length of service and may accumulate up to a maximum of 30 days. Employees earn 1 day of sick leave per month employed. Employees may accumulate up to 60 days of sick leave but will not collect pay for the accrued sick leave.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$13,133,760 and the bank balance was \$13,216,855. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.3 authorizes the County Treasurer to invest in:

- U. S. government obligations
- Certificates of deposit
- Saving accounts
- G.O. bonds issued by counties, municipalities, or school districts
- Money judgments against counties, municipalities, or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality, or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments.

B. Description of Funds

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

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

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

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

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

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

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

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

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

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

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

Sheriff Environmental Control - accounts for the receipts of state funds for the use of patrolling and trash pick-up.

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

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

Sheriff Estray Cattle - accounts for the sale of stray livestock and the disbursement of funds for the general operation of the office.

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

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

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

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

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

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

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

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

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

Jail Sales Tax – accounts for sales tax received for erecting, furnishing, equipping, operating, and maintaining a new county jail.

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

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

Safe Room Programs – accounts for grant 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.

Garfield County Child Advocacy – accounts for funds received from the Department of Human Services and disbursements made for the child advocacy program.

County Building – accounts for funds remaining from County building projects.

County Insurance – accounts for interest earned on designated investments for County insurance and disbursements made for workers compensation and property insurance premiums.

Schools - accounts for monies collected on behalf of the public schools in Oklahoma County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Cities and Towns – accounts for Oklahoma Tax Commission collections distributed to the cities of the county and for cemetery investments.

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

Law Library - accounts for monies received for disbursement from the state for the Law Library Board.

Excess Resale - accounts for the proceeds of sale of property in excess of tax against property to be held in trust for a two-year period.

County Funded Payroll - accounts for general fund transfers made for county payroll expenditures.

Conservancy Remittance - accounts for the collection and distribution of special assessment taxes on behalf of other entities.

Individual Redemption – accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

Official Depository - accounts for the collection and distribution of officer and board fees held in trust until the end of the month.

Protest Tax – is used to account for ad valorem collected under protest.

District Attorney Drug Enforcement – accounts for forfeited property from drug cases.

District Attorney Drug Court Grant – accounts for state aid and fees collected from drug testing.

District Attorney Victim/Witness – accounts for state aid received and money recovered through the Court Clerk's office.

Additionally, the following official depository accounts are described as follows:

District Court Clerk – accounts for the collection of bond money, court fines and fees. Money is disbursed for fees and restitution.

District Court Fund – accounts for fees transferred from District Court and interest. Money is disbursed for the purpose of fees for various entities, salaries, and operations of the Court Clerk's office.

District Court Revolving – accounts for the charge of \$5.00 for each warrant. Money is disbursed in the same manner as the Court Fund.

County Sheriff – accounts for all collections of foreign service fees, bond monies, and concealed weapons fees. Monies are disbursed to the Sheriff Service Fee Account and to the District Court Clerk.

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

County Clerk – accounts for the collection of filing fees and disbursed to OTC and the County Clerk Lien Fee Account.

County Treasurer – accounts for all collections of pre-paid ad valorem, pre-paid mobile homes, and the sale of motor vehicle stamps. Disbursements are for the purpose of refunds and vehicle collections, remits to OTC, schools, and the County Treasurer Mortgage Certification Fee account.

County Health Department – accounts for the collections of charges for services performed by the health department. Disbursements are made to the health department fund for budgeting purposes.

County Election Board – accounts for reimbursements of election expenses and is disbursed for refunds of election fees and maintenance and operations of the office.

Fair Association – transfers are made from the Fair Association Account to this account so that the County can prepare payroll for the fair employees.

County Assessor – accounts for monies received from copies made. Disbursements are made to the County Assessor's Revolving Fund.

Juvenile Office – funds are received from the State of Oklahoma and then disbursed to the Garfield County Sheriff and the Garfield County Detention Center to reimburse these entities for the care of juveniles.

District Attorney – collections are from the State of Oklahoma for state witness fees. Disbursements are for payments of fees paid to state witnesses. There were payments to vendors in the amount of \$436.96 for bogus checks. A transfer of remaining bogus check funds was made to Canadian County, who handles all bogus checks for the district.

C. 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, 2002, was approximately \$281,573,434.

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

Per Article 10, §8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.54 mills for the general fund and 2.40 mills for the county health department. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2003, were approximately 97.8 percent of the tax levy.

D. 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.

E. Judgment

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

<u>Case Number</u>	<u>Original Judgment</u>
CJ-2002-273-02	
Principal	\$101,703
Pre-judgment interest	2,022
Court cost	131
Attorney's fees	<u>1,500</u>
Total	<u>\$105,356</u>

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

Future principal and interest payments that will become due on the existing judgment is as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$105,356</u>	<u>\$3,891</u>	<u>\$109,247</u>
Total	<u>\$105,356</u>	<u>\$3,891</u>	<u>\$109,247</u>

F. 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. 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 government expects such amounts, if any, to be immaterial.

The government 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 government.

5. Interfund Transfers

During the fiscal year the County made two interfund transfers. One transfer in the amount of \$1,775 was transferred to the County general fund from Individual Redemption as stated by Title 68 O.S. § 3117(b) that allows for funds to be credited to the general fund of the County after the expiration of seven years. Additionally, \$5,271 was transferred to the resale property fund from Excess Resale pursuant to Title 68 O.S. § 3131.C. that states that excess funds collected from the resale of property shall be credited to the County resale property fund at the end of two years.

6. Sales Tax

The County began collecting a .25 cent county sales tax on January 1, 1997, which expired December 31, 2000. The County residents voted to renew the sales tax at a reduced rate of .10 cents, effective January 1, 2001, and continuing for five years. This sales tax is dedicated to ten

GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Sales Tax (continued)

county rural fire departments to be distributed equally. The County appropriates these funds and serves as the purchasing agent for the fire departments.

The County also began a .25 cent 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.

6. Subsequent Events

Subsequent to June 30, 2003, the County paid a judgment. The payment was made from the County insurance fund. The County will levy the tax roll for the standard three years in order to repay the County insurance fund. The Board of County Commissioners viewed this as a way to save the County the interest cost.

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**Report on Compliance and on Internal Control Over Financial Reporting
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 special-purpose financial statements of Garfield County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 17, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether Garfield County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we believe are significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action. The following findings, 2002-4, 2003-1, 2003-2, 2003-3, 2003-4, 2003-5, 2003-6, 2003-7, and 2003-8, are included in Section 2 of the Schedule of Findings, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Garfield County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2002-1 and 2003-9.

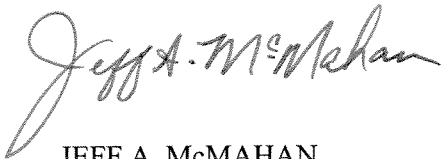
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2002-1 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in cursive script, reading "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

November 17, 2003

SECTION 1 - Findings related to the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*

Finding 2002-1 - Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals in evaluating 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.

Condition: Based on inquiries of County personnel in the Sheriff, Assessor and Election Board Offices, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

Cause: The limited number of employees in the various offices results in the lack of segregation of duties.

Effect: Inadequate segregation of duties increases the possibility of errors or irregularities occurring and not being detected in a timely manner.

Recommendation: We recommend management be aware of this condition 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 County operations and periodic review of those operations.

Finding 2003-9 - Payroll - Timesheets

Criteria: The overall goal of governmental generally accepted accounting principles is to demonstrate accountability and stewardship to be used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, standardized and approved timesheets should be submitted to the appropriate officer by all County employees in order to substantiate payroll claims.

Condition: During our review of payroll expenditures, we noted that 12 of 19 employees tested did not complete monthly timesheets for review or approval by the County officer. In addition, we noted instances in which some of the timesheets that were submitted by employees did not accurately reflect the time worked.

Effect: The County did not have appropriate documentation to support the time worked by all employees. This information becomes beneficial and/or necessary in instances when the employee has terminated from County employment.

Recommendation: We recommend that management adopt a standardized timesheet for all County employees. Once this timesheet is implemented, we further recommend the timesheets accurately reflect the hours worked by employees.

SECTION 2 - Other Audit Findings - This section contains audit findings not required to be reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2002-4 - Self-Insurance Fund (Repeat Finding)

Criteria: Title 68 O.S. 2001, § 3017, provides for the procedure in which the County shall compute appropriations for the county general fund. In part, § 3017, states, "The rates of levy for the general fund, authorized by law shall be separately made and stated, and the revenue accrued there from respectively, when collected, shall be credited to the proper fund accounts." Title 68 O.S. 2001, §3010 further provides for items of appropriation to be described as "personal services", "maintenance and operations", and "capital outlay".

Title 51 O.S. 2001, § 169.B. states, "Any insurance authorized by law to be purchased, obtained or provided by a county may be provided by: 1. Self-insurance, which may be, but is not required to be, funded by appropriations to establish or maintain reserves for self-insurance purposes. Any self-insurance reserve fund shall be nonfiscal and shall not be considered in computing any levy when the county makes its annual estimate for needed appropriations; . . .

Condition: The County established a "self-insurance fund" in fiscal year 1992-1993, by transferring funds from the general fund. Since that time, the County has maintained this fund separate from the general fund, apportioning interest earned on the balance of the fund annually.

For the fiscal year 2002-2003, the County paid the worker's compensation premium of \$81,250 and property insurance premium of \$9,522 from the "self-insurance fund".

The worker's compensation premium was paid to the Association of County Commissioners Organization (ACCO) for its participation in ACCO-SIF, a pool that operates as a common risk management and insurance program, and is self-sustaining through member premiums.

The property insurance premium was paid to the Association of County Commissioners Organization (ACCO) for its participation in ACCO-SIG, a pool that operates as a common risk management and insurance program, with each participating county paying a deductible for each insured incident.

The County has paid no claims from the "self insurance fund", but has paid premiums to ACCO-SIG and ACCO-SIF, all of which may be paid from the County general fund.

Effect: The County has not budgeted all appropriations of the general fund and has paid the premiums from the self-insurance fund rather than the general fund.

GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2003

Recommendation: We recommend the County transfer the remaining balance for the “self-insurance fund” into the general fund and appropriate funds to pay the expense of premiums and other related insurance charges for the general fund.

Finding 2003-1 - Inmate Trust Receipts

Criteria: Title 19 O.S. 2001, § 531.C. states, “The State Auditor and Inspector shall prescribe procedures for the operation of the Inmate Trust Fund Checking Account.” SA&I Bulletin 93-26 states that prenumbered duplicate receipts should be issued and that the receipts be deposited daily.

Condition: Not all inmate trust deposits are receipted. The receipts are not prenumbered or issued in order. Approximately 48% of deposits for the year were receipted.

Recommendation: We recommend that prenumbered duplicate receipts be issued for all collections of inmate trust funds and that the funds be deposited daily in accordance with Title 19 O.S. 2001, § 531C.

Finding 2003-2 - Commissary Purchases

Criteria: Title 19 O.S. 2001, § 531 states, “checks may be written to the Sheriff’s Commissary Account” and that purchases be made in accordance with purchasing laws as established in Title 19 O.S. 2001, §1500-1505. The statute does not allow for the purchase of commissary items from the Inmate Trust Account.

Condition: The Sheriff is purchasing items for the inmates from the inmate trust account rather than from the commissary or prisoner’s revolving account.

Recommendation: The only checks issued from the inmate trust account should be for refunds to inmates or for transferring profits to the commissary account for expenditures. We recommend that surplus amounts be transferred to a commissary fund and that all commissary items be purchased through the commissary fund in adherence with county purchasing laws as provided in Title 19 O.S. 2001, § 1500-1505.

Finding 2003-3 - Inmate Purchases

Criteria: Title 19 O.S. 2001, § 180.43 states, “The claims for expenses shall be filed with and allowed by the Board of County Commissioners in the same manner as other claims.”

Condition: Purchases of inmate personal items were not made through the County purchasing agent. Additionally, there were no claims or receiving reports for items purchased from the inmate account.

Recommendation: We recommend that all inmate items be purchased through the Sheriff’s special revenue fund in adherence to county purchasing laws in accordance with Title 19 O.S. 2001, § 180.43.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2003**

Finding 2003-4 - Sales Tax Permit

Criteria: SA&I Bulletin 93-26 states that a sales tax permit should be obtained in order to remit the sales tax to the Oklahoma Tax Commission as required by 68 O.S. 2001, §1351-1356.

Condition: Although the Sheriff remits sales tax on commissary purchases on a monthly basis to the Oklahoma Tax Commission, we were unable to locate a sales tax permit.

Recommendation: We recommend that the Sheriff call the Business Tax Division of the Oklahoma Tax Commission and obtain a copy of their sales tax permit or obtain a sales tax permit as required by Title 68 O.S. 2001, § 1351-1356.

Finding 2003-5 - Annual Commissary Report

Criteria: Title 19 O.S. 2001, § 180.43 states, "The Sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."

Condition: The Sheriff did not file an annual report of the commissary activity for the past year.

Recommendation: We recommend that the Sheriff submit an annual report to the County Commissioners of the commissary by January 15 as required by Title 19 O.S. 2001, § 180.43.

Finding 2003-6 - Receiving Report

Criteria: Title 19 O.S. 2001, § 1505 states, "the receiving officer shall file the original receiving report and submit ... a copy of the receiving report with the delivery documentation to the county clerk."

Condition: Upon completing the purchase order test work of 44 purchase orders, it was noted that 3 purchase orders did not have receiving reports with the receiving officer's signature attached to the purchase order. (6.8% of the sample selected)

ACCOUNT	PO #	VENDOR
General Government	2555	TM Consulting
General Government	3678	NADA Appraisal Guide
General Government	5592	Dale Reim Electric

Recommendation: We recommend that the County adhere to state statutes and attach signed receiving reports to all purchase orders where goods or services are received as required by Title 19 O.S. 2001, § 1505.

Finding 2003-7 - Consumable Inventory

Criteria: According to Title 19 O.S. 2001, § 1502.a. and § 1502.b. the County Commissioners shall “create and administer an inventory system for all supplies and materials of a county purchased in lots of \$250 or more for use in the construction and maintenance of roads and bridges.”

Condition: Upon visual inspection of consumable inventory items, District 2 did not have an official consumable inventory system in use. District 2 uses SA&I receiving reports and transfer documents, but do not maintain Consumable Item Stock Record forms.

Recommendation: We recommend that the County create an official consumable inventory system for District 2 as set forth by Title 19 O.S. 2001, § 1502.a. and § 1502.b.

Finding 2003-8 - Equipment Inventory Identification and Inventory Numbers

Criteria: In accordance with Title 69 O.S. 2001, § 645, “Each piece of county-owned, rented, or leased road machinery and equipment, and each automobile and truck, shall be conspicuously and legibly marked with the county’s name on each side in upper case letters, on a background of sharply contrasted color.” Also, Title 19 O.S. 2001, § 1502 states, “a uniform identification system shall be implemented for items of \$250 or more.”

Condition: Upon a visual inspection of each district’s equipment, some road machinery, radios, trucks, etc. were not properly and conspicuously marked with County identification numbers and/or the County’s name.

Recommendation: We recommend that each district label and number each piece of road machinery, equipment, automobile, and truck as set forth by Title 69 O.S. 2001, § 645.

**Statistical Data
(Unaudited)**

**GARFIELD COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

<u>TAXPAYER NAME</u>	<u>JANUARY 1, 2002 NET ASSESSED</u>	<u>% OF TOTAL NET VALUATION</u>
OG&E	\$ 10,745,913	3.82%
Southwestern Bell	8,298,881	2.95%
Farmland Industries	4,482,465	1.59%
ADM Milling	4,439,959	1.58%
Western Gas Resources	4,012,073	1.42%
Oneok	3,960,601	1.41%
Advance Food Co. Inc.	3,733,041	1.33%
Exxon Mobil Corp.	3,220,251	1.14%
ONG	2,846,887	1.01%
UHS of Oklahoma	2,511,249	0.89%
Total	<u>\$ 48,251,320</u>	<u>17.14%</u>

Source: (Provided by Oklahoma Tax Commission - Ad Valorem Division)

**GARFIELD COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

Total net assessed value as of January 1, 2002		<u>\$ 281,573,434</u>
Debt limit - 5% of total assessed value		\$ 14,078,672
Total bonds outstanding	-	
Total judgments outstanding	105,356	
Less cash in sinking fund	<u>-</u>	<u>105,356</u>
Legal debt margin		<u>\$ 13,973,316</u>

**GARFIELD COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

	<u>2003</u>
Estimated population	<u>57,813</u>
Net assessed value	<u>\$ 281,573,434</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>

**GARFIELD COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2002	\$62,839,427	\$36,945,351	\$195,923,089	\$14,134,433	\$281,573,434	\$2,034,925,199