

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

March 20, 2007

TO THE CITIZENS OF
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**GARFIELD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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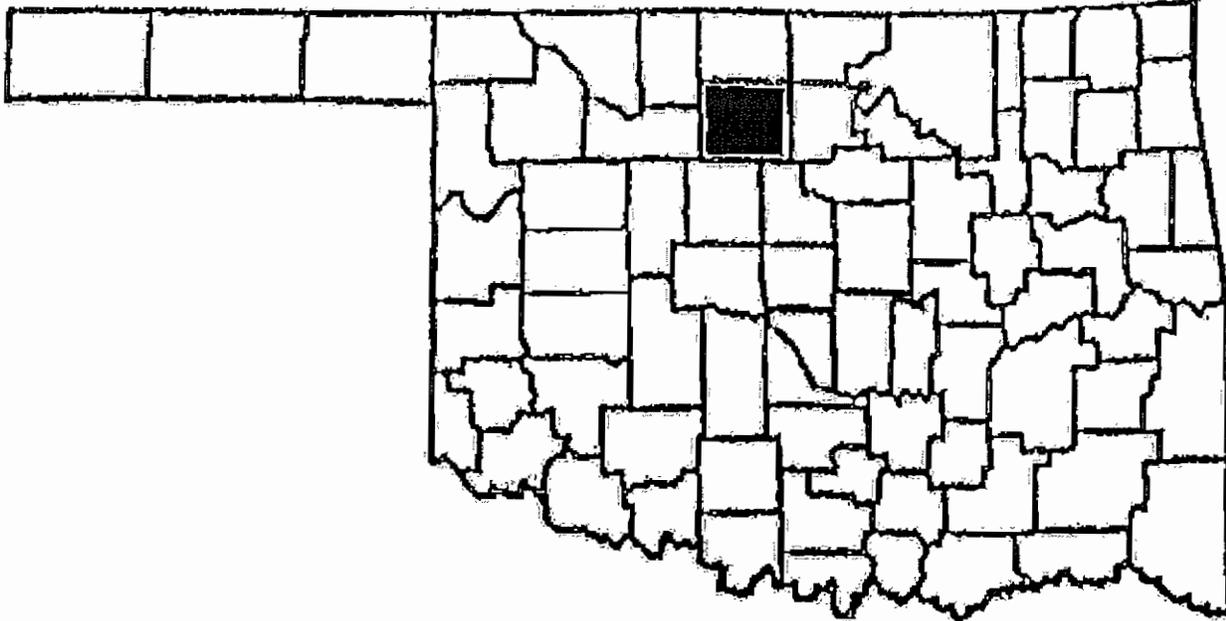
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REPORT TO THE CITIZENS
OF
GARFIELD COUNTY, OKLAHOMA



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

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

County Seat – Enid

Area – 1059.94 Square Miles

County Population – 57,282
(2004 est.)

Farms – 1,083

Land in Farms – 613,939 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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) Breckinridge

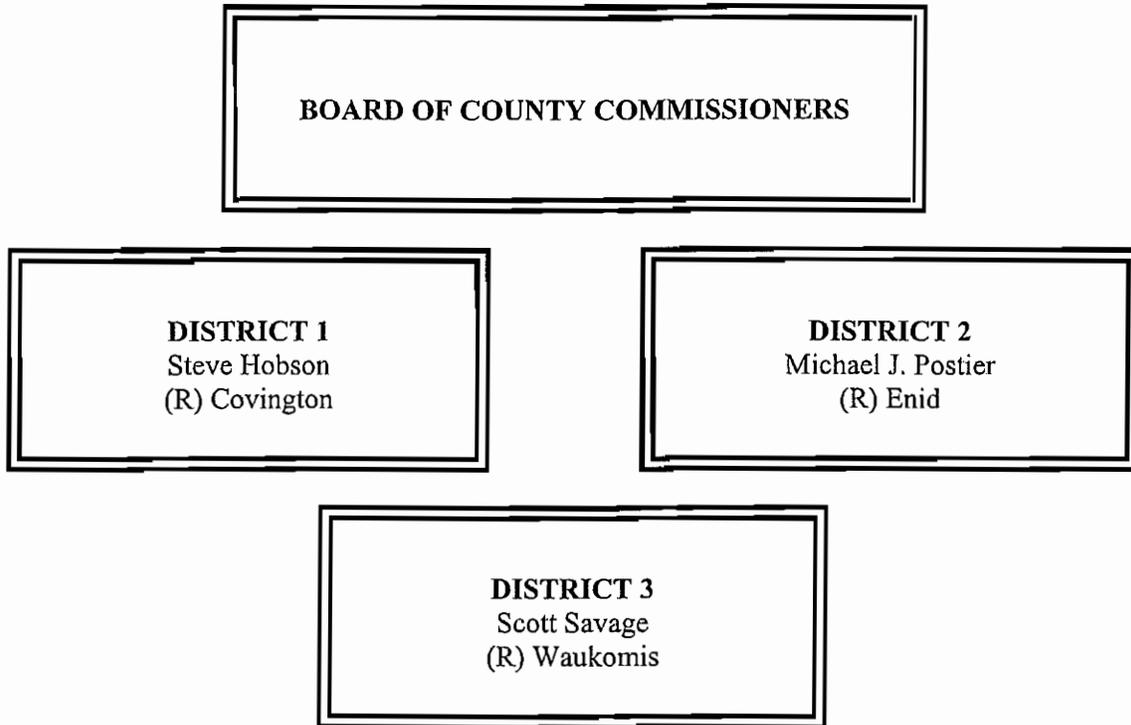
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



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

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

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

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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
Kevin Postier
(R) Breckinridge

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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.

**GARFIELD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

ELECTION BOARD SECRETARY

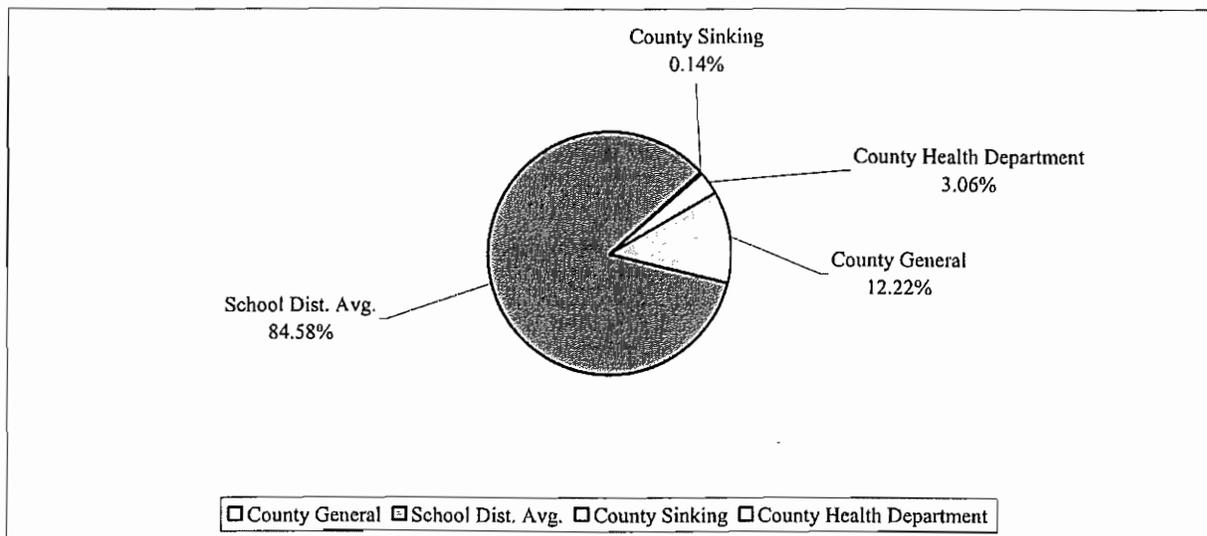
Wenona R. Marshall
(D) Enid

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.

**GARFIELD COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
Co. General	10.54								
County Health	2.64	Waukomis	SD1	37.66	5.38	11.30	15.70	4.22	74.26
County Sinking	0.12	Kremlin-Hillsdale	SD18	37.91	5.42	10.00	15.70	4.22	73.25
		Chisholm	SD42	37.07	5.30	5.00	15.70	4.22	67.29
		Garber	SD47	36.70	5.24	22.98	15.70	4.22	84.84
		Pioneer-Pleasant Vale	SD56	36.06	5.15	4.38	15.70	4.22	65.51
		Enid	SD57	36.86	5.27	15.41	15.70	4.22	77.46
		Drummond	SD85	37.27	5.32	7.17	15.70	4.22	69.68
		Covington-Douglas	SD94	37.03	5.29	8.88	15.70	4.22	71.12

See independent auditor's report.

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

Total net assessed value as of January 1, 2005		<u>\$ 315,024,005</u>
Debt limit - 5% of total assessed value		15,751,200
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>1,047</u>	<u>-</u>
Legal debt margin		<u>\$ 15,751,200</u>

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
 VALUE AND NET BONDED DEBT PER CAPITA
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (UNAUDITED)**

	2006
Estimated population	57,282
Net assessed value as of January 1, 2005	\$ 315,024,005
Gross bonded debt	-
Less available sinking fund cash balance	1,047
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

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

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2005	\$65,627,293	\$40,225,718	\$223,083,622	\$13,912,628	\$315,024,005	\$2,286,925,768

See independent auditor's report.

FINANCIAL SECTION



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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Garfield County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Garfield County as of June 30, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Garfield County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2007, on our consideration of Garfield County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



JEFF A. McMAHAN
State Auditor and Inspector

January 29, 2007

Basic Financial Statement

**GARFIELD COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Combining Information:	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
County General Fund	\$ 692,676	\$ 4,314,827	\$ 4,076,995	\$ 930,508
County Highway Fund	1,325,086	4,425,613	4,615,445	1,135,254
County Health Department	909,858	862,512	1,143,231	629,139
Resale Property	189,889	88,903	105,737	173,055
Sheriff Service Fee	57,734	303,640	281,795	79,579
Sheriff Training	686		636	50
Sheriff County Prisoner	36,348	330,721	250,041	117,028
Sheriff Reserve	16			16
Sheriff Drug	2,840	1,917	4,671	86
Sheriff Juvenile Justice Grant	36	10,173	8,000	2,209
Sheriff DARE	361	115	190	286
Sheriff Confidential Purchase	500			500
Sheriff Estray Cattle	3,870			3,870
Sheriff Unclaimed Property		9,021		9,021
County Clerk Lien Fee	5,965	16,096	11,308	10,753
County Clerk Records Preservation Fee	9,258	75,455	65,972	18,741
Treasurer Mortgage Tax Certification Fee	7,738	14,855	17,561	5,032
County Assessor Visual Inspection	62,664	1,662	943	63,383
County Assessor Fee	16,741	22,130	19,731	19,140
Special Insurance	3,999		377	3,622
Rural Fire Sales Tax	1,286,583	684,033	862,663	1,107,953
Jail Sales Tax and Detention Facility	1,195,430	1,808,196	1,715,380	1,288,246
County Use Tax	9,478	134,419	34,038	109,859
County Sinking	552	36,911	36,416	1,047
Garfield County Economic Development Authority	9,582	54,748	26,819	37,511
Safe Room Program	1,080			1,080
Local Emergency Planning	6,654	3,960	2,157	8,457
Garfield County Emergency Management Program	327		325	2
County Building	5,335			5,335
County Insurance	2,224,764	54,406	100,620	2,178,550
Combined Total—All County Funds	\$ 8,066,050	\$ 13,254,313	\$ 13,381,051	\$ 7,939,312

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, 2006**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Garfield County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

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

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

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

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

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 disbursement 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.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

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

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

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

Sheriff Estray Cattle - accounts for the collection of selling found and unclaimed cattle. Disbursements are made for the general operation 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.

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 in 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 disbursement of the funds as restricted by statute.

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

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, Pioneer/Skeleton Creek, and Waukomis Rural Fire Departments.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

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

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

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

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

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

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

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.

C. Basis of Accounting

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

D. Budget

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

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

E. Cash

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

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

F. Investments

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

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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

G. Compensated Absences

All full-time employees are entitled to annual leave that is accrued on a monthly basis after one year of service. Employees can earn from one week of vacation up to four weeks of vacation depending on the number of years of service. Employees may not carry over vacation time from one year to the next based on the employee's anniversary date of employment.

Sick leave shall accumulate at the rate of 1 day for each calendar month of service to the County. Sick leave may be accrued up to a maximum of 960 hours. When terminating employment with the County, an employee may not collect pay for the accrued sick leave.

2. Ad Valorem Tax

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

The assessed property value as of January 1, 2005, was approximately \$315,024,005.

The County levied 10.54 mills for general fund operations, 2.64 mills for county health department, and .12 mill for counting sinking. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2006, were approximately 98.27 percent of the tax levy.

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

3. Fuel Tax

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

4. Risk Management

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

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

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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

5. Long-term Obligations

Capital Leases

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

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire

**GARFIELD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004 were \$463,279, \$384,442, and \$384,957, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

9. 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 .10-cents, effective January 1, 2001, and continued for five years. The sales tax is dedicated to ten county rural fire departments to be distributed equally. The County appropriates these funds and serves as the purchasing agent for the fire departments.

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

The County also began a .25-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.

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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 692,676	\$ 692,676	\$ 692,676	\$ -
Less: Prior Year Outstanding Warrants	(5,708)	(5,708)	(5,708)	
Less: Prior Year Encumbrances	(52,180)	(52,180)	(42,934)	9,246
Beginning Cash Balances, Budgetary Basis	<u>634,788</u>	<u>634,788</u>	<u>644,034</u>	<u>9,246</u>
Receipts:				
Ad Valorem Taxes	3,018,502	3,018,502	3,233,295	214,793
Charges for Services	241,026	241,053	283,387	42,334
Intergovernmental Revenues	461,959	461,959	473,322	11,363
Miscellaneous Revenues	172,861	172,861	324,823	151,962
Total Receipts, Budgetary Basis	<u>3,894,348</u>	<u>3,894,375</u>	<u>4,314,827</u>	<u>420,452</u>
Expenditures:				
District Attorney	29,930	29,930	13,675	16,255
County Sheriff	1,060,550	1,060,550	1,032,981	27,569
County Treasurer	161,461	163,738	163,412	326
County Commissioners	67,511	67,511	47,043	20,468
OSU Extension	91,920	91,920	91,908	12
County Clerk	211,068	213,768	203,520	10,248
Court Clerk	261,045	239,580	234,937	4,643
County Assessor	230,241	232,341	223,159	9,182
Revaluation of Real Property	221,660	223,160	185,478	37,682
Juvenile Shelter Bureau	91,656	95,178	93,568	1,610
District Court	3,551	3,551	3,550	1
General Government	669,442	669,743	556,720	113,023
Excise-Equalization Board	9,300	9,300	8,135	1,165
Insurance	114,075	115,001	94,532	20,469
Insurance	1,079,299	1,084,787	965,448	119,339

continued on next page

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

GARFIELD COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Data Processing	29,101	29,101	28,538	563
Charity	1,000	1,000	-	1,000
Recording Account	19,440	19,440	18,689	751
Civil Defense	8,998	8,998	8,676	322
Courthouse Security	19,440	19,740	19,740	-
Juvenile Detention	40,000	39,378	35,917	3,461
County Audit Budget Account	34,713	34,713	34,713	-
Free Fair Budget	20,000	20,000	20,000	-
Library Budget Account	24,198	24,198	24,196	2
Postage Meter	29,537	32,537	31,946	591
Total Expenditures, Budgetary Basis	4,529,136	4,529,163	4,140,481	388,682
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	818,380	\$ 818,380
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			102,613	
Add: Current Year Outstanding Warrants			9,515	
Ending Cash Balance			\$ 930,508	

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

GARFIELD COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 909,858	\$ 909,858	\$ 909,858	\$ -
Less: Prior Year Outstanding Warrants	(494)	(494)	(494)	
Less: Prior Year Encumbrances	(256,000)	(256,000)	(239,542)	16,458
Beginning Cash Balances, Budgetary Basis	<u>653,364</u>	<u>653,364</u>	<u>669,822</u>	<u>16,458</u>
Receipts:				
Ad Valorem Taxes	792,060	792,060	809,824	17,764
Charges for Services		38,169	38,169	
Intergovernmental Revenues			4,177	4,177
Miscellaneous Revenues			10,342	10,342
Total Receipts, Budgetary Basis	<u>792,060</u>	<u>830,229</u>	<u>862,512</u>	<u>32,283</u>
Expenditures:				
Health and Welfare	1,210,000	1,275,169	1,036,571	238,598
Capital Outlay	235,424	208,424	3,345	205,079
Total Expenditures, Budgetary Basis	<u>1,445,424</u>	<u>1,483,593</u>	<u>1,039,916</u>	<u>443,677</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	492,418	<u>\$ 492,418</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			136,387	
Add: Current Year Outstanding Warrants			334	
Ending Cash Balance			<u>\$ 629,139</u>	

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

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

Beginning Cash Balance	\$ 552
Receipts:	36,911
Total Receipts	<u>36,911</u>
Disbursements:	
Judgment	<u>36,416</u>
Total Disbursements	<u>36,416</u>
Ending Cash Balance	<u>\$ 1,047</u>

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

**GARFIELD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

1. Budgetary Schedules

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, for the 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

2. Sinking Fund Schedule

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
GARFIELD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Garfield County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 29, 2007. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

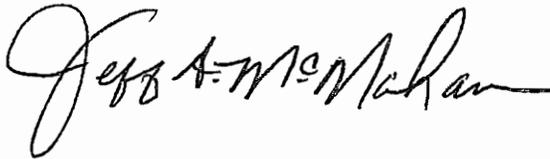
In planning and performing our audit, we considered Garfield County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

the management of Garfield County, which are included in the schedule of findings and responses contained in this report.

This report is intended solely for the information and use of the management of Garfield County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in black ink, reading "Jeff A. McMaham". The signature is written in a cursive, flowing style with a long horizontal tail stroke.

JEFF A. McMAHAN
State Auditor and Inspector

January 29, 2007

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 2005-4—Cash Bond Receipts (County Sheriff) (Repeat Finding)

Criteria: In accordance with 19 O.S. § 682, "It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office..."

Condition: While initially testing 100% of the Sheriff's cash bond receipts, it was noted that 24 cash bond receipts totaling \$11,615 were not deposited by the County Sheriff's office with the County Treasurer as required by statute.

Additional work revealed that in 13 instances, the bond was released to a city police department. In 5 instances, the receipt "may have been for a surety bond." In 2 cases, the bond was deposited sometime after it was receipted and in 4 instances, it could not be determined if the receipted bond was returned, but it was not deposited. The total amount unidentified was \$6,060 not deposited.

Recommendation: We recommend the Garfield County Sheriff implement policies and procedures to comply with 19 O.S. § 682 and deposit daily, all monies received under color of office.

Views of responsible officials and planned corrective actions: As Sheriff my administrative staff and I have implemented written policies and procedures that should eliminate these discrepancies on bonds, which were accounted for but paperwork was done improperly.

The Jail Administrator and I discussed deposits should be done daily and balanced with receipts given. Receipt ledgers should be kept in her office so not to get lost during the year.

Finding 2006-1 – Encumbrance of Funds

Criteria: Title 19 O.S. § 1505.4 requires that encumbrances be made prior to ordering or receiving the goods.

Condition: The test of 65 purchase orders revealed 20 instances in which goods or services were ordered/received before the encumbrance of a purchase order was made.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Recommendation: We recommend that the Sheriff, Fire Departments, Assessor, Civil Defense, and County Commissioners encumber purchase orders prior to ordering or receiving the goods in accordance with 19 O.S. § 1505.4.

Views of responsible officials and planned corrective actions: All departments have been notified of this finding and will strive to encumber purchase orders prior to ordering or receiving the goods.

Finding 2006-2 – Cash Bonds Not Received (County Sheriff)

Criteria: In accordance with 28 O.S. § 9, “Every officer charging fees shall give a receipt therefor.”

Title 19 O.S. § 441 states, “All treasurers, sheriffs, clerks, constables, and other officers chargeable with money belonging to the county shall render their accounts to and settle with the county commissioners at the time required by law, and pay into the county treasury any balance which may be due the county, take duplicate receipts therefor, and deposit one of the same with the clerk of the county within five days thereafter.”

Condition: While testing receipts and deposits in the official depository accounts, it was noted that 9 deposits totaling \$31,107.90 did not have a corresponding receipt for the cash bond deposited by the Sheriff’s office.

Effect: By not preparing a receipt for all money received for cash bonds as required by 28 O.S. § 9, a record of the money received in the Sheriff’s office is not created and thus may not be deposited.

Recommendation: We recommend the Sheriff implement policies and procedures to comply with 28 O.S. § 9 and ensure that all monies received under color of office are properly receipted showing date received, amount received, indicate whether cash, check, money order, or cashiers check was received, and the purpose for the money received. Additionally, if a receipt is incorrect, the receipt should be voided with the original attached and a new receipt issued for the correct amount.

Views of responsible officials and planned corrective actions: We have policies on cash bonds that are in place but were not being documented correctly. If a person has cash or wants to post a cash bond, I feel it is my duty to allow him or her to post cash bonds. When policies are properly followed, this can be done. I will strive to make sure all jail supervisors understand they alone are responsible to see that monies are handled by two staff members and initialed off on by both.

I regret that so many bonding mistakes and books came up missing this year. My office will strive for a much improved policy to prevent these areas being a problem in the future. Thanks for your support and patience doing our audit.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Finding 2006-3 – Monthly Official Reports

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

Condition: The Treasurer, County Clerk and County Sheriff did not submit monthly reports that agree to the County Treasurer's depository ledger.

1. The Treasurer's report listed collections only. The Treasurer's June 30, 2006, ending report balance was \$4,323.64. The actual June 30, 2006, balance per the Treasurer's reports to SA&I was \$19,280.36.
2. The County Clerk's report listed collections only. The County Clerk's June 30, 2006, report balance was \$53,483.44. The actual June 30, 2006, balance per the Treasurer's reports to SA&I was \$51,745.99.
3. The Sheriff's report listed collections and disbursements. However, the Sheriff's June 30, 2006 ending report balance was \$100. The actual June 30, 2006, balance per the Treasurer's reports to SA&I was \$4,306.07.

Recommendation: We recommend the County Treasurer, County Clerk, and County Sheriff implement policies and procedures to comply with 19 O.S. § 684 and ensure that the monthly reports submitted show the collections and disbursements for the month and that the ending balance agrees with the Treasurer's official depository ending balance for their office.

Views of responsible officials and planned corrective actions: County officials are currently working with our computer programmer to implement a monthly report that will comply with state statutes.