

GARVIN COUNTY, OKLAHOMA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2001

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON H. SCOTT
State Auditor and Inspector

2300 N. Lincoln Blvd
100 State Capitol
Oklahoma City, OK 73105
405/521-3495

March 14, 2002

TO THE CITIZENS OF
GARVIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garvin County, Oklahoma, for the fiscal year ended June 30, 2001. 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 that is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

GARVIN COUNTY, OKLAHOMA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

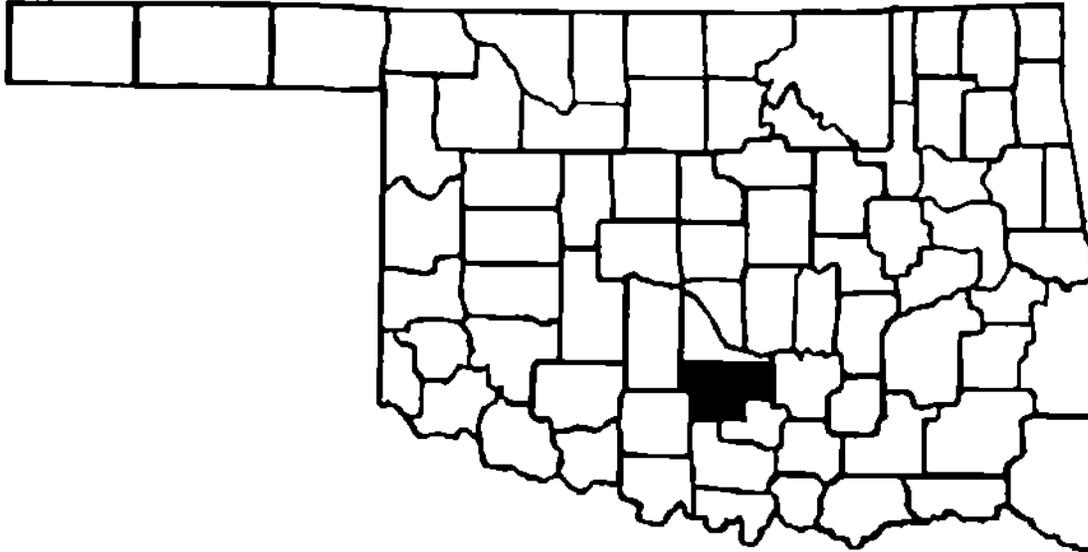
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REPORT TO THE CITIZENS

OF

GARVIN COUNTY



Named for Samuel Garvin, a prominent Chickasaw Indian, Garvin County was once a part of the Chickasaw Nation, Indian Territory.

Pauls Valley, the county seat, was named for Smith Paul, the first white settler in this part of the Washita River Valley. In 1847 he described the area as "a section where the bottom land was rich and the blue stem grass grew so high that a man on horseback was almost hidden in its foliage."

Annual events include the Pauls Valley Junior Livestock Show in March, the first weekend in May is Brick Fest and the Jackpot Pig Sale in May, Heritage Days and Rodeo in June, Fourth of July Celebration, and the Christmas Parade of Lights in December.

For additional information, call the county clerk's office at 405/238-3308 or the Chamber of Commerce at 405/238-6491.

County Seat - Pauls Valley

Area - 809.2 Square Miles

County Population - 26,720
(1999 est.)

Farms - 1,380

Land in Farms - 448,693 Acres

Source: Oklahoma Almanac 2001 - 2002

See independent auditor's report.

COUNTY OFFICIALS
AND RESPONSIBILITIES

COUNTY ASSESSOR Evelyn Bradley (D) Stratford

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, and assesses it at no more than 35 percent of its fair cash value.

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 Gina Mann (D) Stratford

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 one's 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.

« »

BOARD OF COUNTY COMMISSIONERS

DISTRICT #1
Kenneth Holden
(D) Lindsay

DISTRICT #2
Rex Carlton
(D) Elmore City

DISTRICT #3
Johnny Mann
(D) Stratford

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.

« »

COUNTY SHERIFF
Donnie Anderson
(D) Elmore City

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
Debbie Cornell
(D) Pauls Valley

All revenues received 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 revenues and expenditures, 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.

« »

COURT CLERK
Mary Liz James
(D) Paoli

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
Tim Kuykendall
(D) Norman

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. When any County in the District is involved in civil litigation, the District Attorney serves as its defender or prosecutor. County Officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

« »

ELECTION BOARD SECRETARY
Melanie Porter
(D) Wynnewood

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 operating expenses of the County Election Board, the County Excise Board must appropriate sufficient funds annually. State and County split the election costs, but Counties must pay for any County elections not held concurrently with State elections.

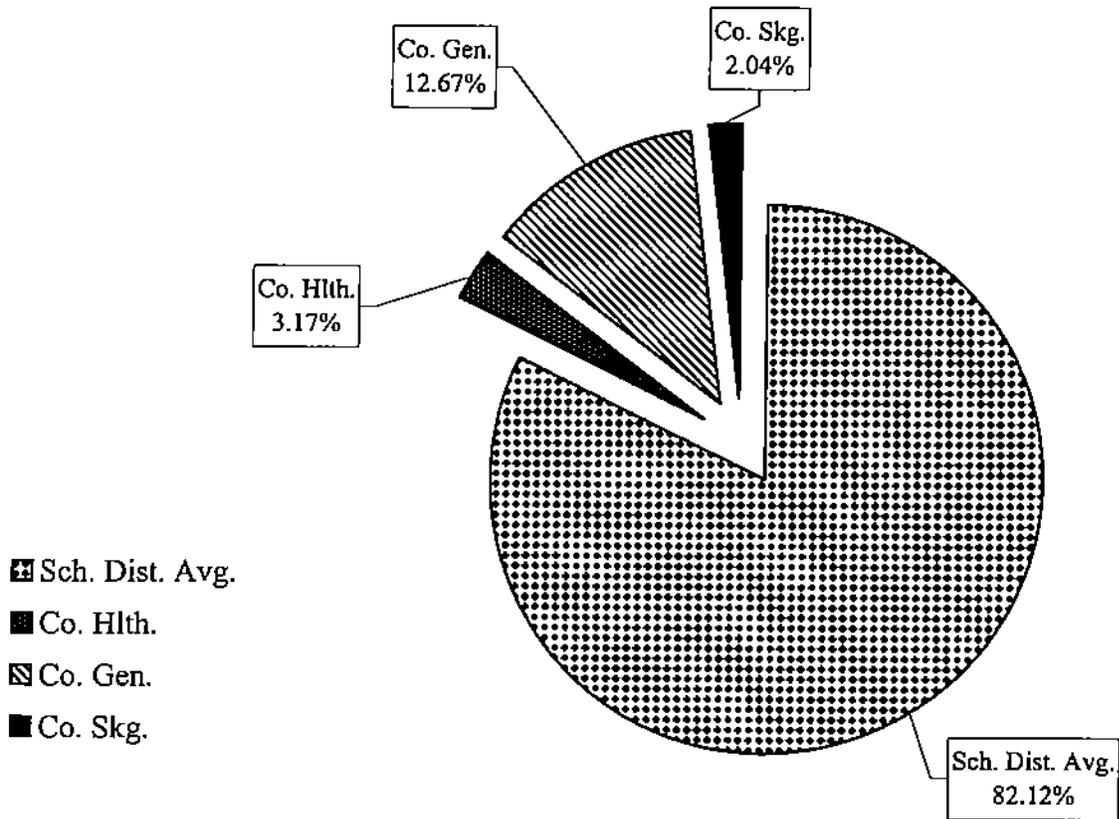
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AD VALOREM TAX DISTRIBUTION

GARVIN 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 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:

			<u>Gen.</u>	<u>Bldg.</u>	<u>Skg.</u>	<u>Vo-Tech</u>	<u>Common</u>	<u>Total</u>
Co. General Fund	10.27	I-2 Stratford	36.51	5.22	7.25	4.11	9.25	62.34
Co. Health	2.57	I-15 Paoli	35.96	5.14	13.25	4.11	9.25	67.71
Co. Sinking	1.65	I-7 Maysville	35.99	5.14	8.42	4.11	9.25	62.91
		I-9 Lindsay	35.92	5.13	6.89	4.11	9.25	61.30
<u>Cities & Towns:</u>		D-16 Whitehead	36.01	5.14	19.74	4.11	9.25	74.25
Elmore City	1.42	I-18 Pauls Valley	35.58	5.08	16.45	4.11	9.25	70.47
<u>Other</u>		I-38 Wynnewood	35.96	5.14	5.82	4.11	9.25	60.28
Wynnewood EMS (SD)	3.08	I-38 Elmore City	36.32	5.19	2.32	4.11	9.25	57.19
Pauls Valley EMS (SD)	3.08	J-110 Wayne	36.71	5.24	10.33	4.11	10.49	66.88
		J-156 Alex	35.00	5.00	13.74	4.11	15.00	72.85
		DJ-4MC Byars	37.03	5.29	18.20	4.11	9.25	73.88
		J-142 Bray-Doyle	35.41	5.06	12.05	4.11	12.14	68.77

See independent auditor's report.



STATE OF OKLAHOMA
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CLIFTON H. SCOTT
State Auditor and Inspector

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INDEPENDENT AUDITOR'S REPORT

TO THE OFFICERS OF
GARVIN COUNTY

We have audited the accompanying general-purpose financial statements of Garvin County, Oklahoma, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of Garvin County's management. Our responsibility is to express an opinion on these general-purpose 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.

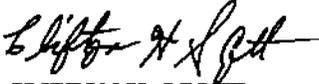
As explained in Note 1(I), the general-purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect on the general-purpose financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Garvin County, Oklahoma, as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2002, on our consideration of Garvin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and regulations. 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 general-purpose financial statements of Garvin County, Oklahoma, 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 such data.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

February 11, 2002

COMBINED STATEMENTS
(General-Purpose Financial Statements)

GARVIN COUNTY, OKLAHOMA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 2001

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash	\$ 481,343	\$ 3,951,799	\$ 307,515
Ad valorem taxes receivable	21,226	5,312	3,448
Accrued interest receivable	5,307	2,306	1,460
Due from other governments	4,041	335,924	-
Amount available in debt service	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount to be provided for capitalized lease agreements	-	-	-
Consumable inventory	-	124,145	-
Total assets	<u>\$ 511,917</u>	<u>\$ 4,419,486</u>	<u>\$ 312,423</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 53,967	\$ 246,540	\$ -
Accounts payable	14,668	229,274	-
Due to other taxing units	-	-	-
Due to others	-	-	-
Deferred revenue	-	640,078	-
General obligation bonds payable	-	-	-
Capitalized lease obligations payable	-	-	-
Total liabilities	<u>68,635</u>	<u>1,115,892</u>	<u>-</u>
Fund balances:			
Reserved for consumable inventory	-	124,145	-
Reserved for encumbrances	8,606	8,130	-
Reserved for debt service	-	-	312,423
Unreserved:			
Undesignated	434,676	3,171,319	-
Total fund balance	<u>443,282</u>	<u>3,303,594</u>	<u>312,423</u>
Total liabilities and fund balance	<u>\$ 511,917</u>	<u>\$ 4,419,486</u>	<u>\$ 312,423</u>

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

Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
Trust and Agency	General Long-Term Debt	
\$ 659,283	\$ -	\$ 5,399,940
135,674	-	165,660
-	-	9,073
15,577	-	355,542
-	312,423	312,423
-	620,577	620,577
-	371,619	371,619
-	-	124,145
<u>\$ 810,534</u>	<u>\$ 1,304,619</u>	<u>\$ 7,358,979</u>
\$ -	\$ -	\$ 300,507
-	-	243,942
211,644	-	211,644
598,890	-	598,890
-	-	640,078
-	933,000	933,000
-	371,619	371,619
<u>810,534</u>	<u>1,304,619</u>	<u>3,299,680</u>
-	-	124,145
-	-	16,736
-	-	312,423
-	-	3,605,995
-	-	4,059,299
<u>\$ 810,534</u>	<u>\$ 1,304,619</u>	<u>\$ 7,358,979</u>

GARVIN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

Revenues:

- Ad valorem taxes
- Charges for service
- Intergovernmental revenues
- Miscellaneous revenues
- Total revenues

Expenditures:

Current operating:

- General government
- Public safety
- Education
- Culture and recreation
- Health and welfare
- Roads and highways

Debt service:

- Principal retirement
- Interest and fiscal agent charges
- Total expenditures

Excess of revenues over
(under) expenditures

Other financing sources (uses):

- Capitalized lease agreements
- Total other financing sources (uses)

Excess of revenues and other sources
over (under) expenditures and other uses

Beginning fund balances

Ending fund balances

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

Governmental Fund Types			Totals
General	Special Revenue	Debt Service	(Memorandum Only)
\$ 1,014,885	\$ 253,925	\$ 163,274	\$ 1,432,084
146,236	579,190	-	725,426
198,872	4,402,269	139	4,601,280
135,851	198,208	16,942	351,001
<u>1,495,844</u>	<u>5,433,592</u>	<u>180,355</u>	<u>7,109,791</u>
1,184,252	65,923	-	1,250,175
286,416	710,599	-	997,015
39,942	-	-	39,942
7,260	-	-	7,260
-	298,574	-	298,574
45,467	4,054,462	-	4,099,929
-	-	135,000	135,000
-	-	63,585	63,585
<u>1,563,337</u>	<u>5,129,558</u>	<u>198,585</u>	<u>6,891,480</u>
(67,493)	304,034	(18,230)	218,311
-	100,657	-	100,657
-	100,657	-	100,657
(67,493)	404,691	(18,230)	318,968
510,775	2,898,903	330,653	3,740,331
<u>\$ 443,282</u>	<u>\$ 3,303,594</u>	<u>\$ 312,423</u>	<u>\$ 4,059,299</u>

GARVIN COUNTY, OKLAHOMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE

(COUNTY HEALTH DEPARTMENT ONLY) FUNDS

FOR THE YEAR ENDED JUNE 30, 2001

	General		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 475,075	\$ 475,498	\$ 423
Revenues:			
Ad valorem taxes	959,985	1,015,103	55,118
Charges for services	125,633	146,236	20,603
Intergovernmental revenues	172,739	198,872	26,133
Miscellaneous revenues	93,000	134,055	41,055
Total revenues, budgetary basis	<u>1,351,357</u>	<u>1,494,266</u>	<u>142,909</u>
Expenditures:			
Current operating:			
General government	1,438,855	1,188,483	250,372
Public safety	287,523	286,416	1,107
Education	39,300	39,294	6
Culture and recreation	8,500	6,003	2,497
Health and welfare	-	-	-
Roads and highways	52,254	45,466	6,788
Total expenditures, budgetary basis	<u>1,826,432</u>	<u>1,565,662</u>	<u>260,770</u>
Excess of revenues and beginning fund balances over (under) expenditures, budgetary basis	\$ -	404,102	\$ 404,102
Reconciliation to Statement of Revenues Expenditures, and Changes in Fund Balances			
Add: Ad valorem taxes receivable		21,226	
Accrued interest		5,307	
Due from other governments		4,041	
Reserved for encumbrances		<u>8,606</u>	
Ending fund balances		<u>\$ 443,282</u>	

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

Special Revenue Funds		
County Health Department		
Budget	Actual	Variance
\$ 295,197	\$ 297,124	\$ 1,927
240,230	253,979	13,749
23,631	23,631	-
-	61,375	61,375
-	-	-
<u>263,861</u>	<u>338,985</u>	<u>75,124</u>
-	-	-
-	-	-
-	-	-
559,058	260,783	298,275
-	-	-
<u>559,058</u>	<u>260,783</u>	<u>298,275</u>
<u>\$ -</u>	375,326	<u>\$ 375,326</u>
	5,312	
	-	
	-	
	<u>210</u>	
	<u>\$ 380,848</u>	

NOTES TO THE FINANCIAL STATEMENTS

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS.

JUNE 30, 2001

1. Summary of Significant Accounting Policies

The financial statements of the County are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

A. Financial Reporting Entity

Garvin County was 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.

In accordance with accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Garvin County (the primary government) and its legally separate component unit.

Blended Component Unit

The following component unit has been presented as a blended component unit because the component unit's governing body is substantially the same as the governing body of the County, or the component unit provides services almost entirely to the primary government. Activity of the authority has been blended into the Special Revenue Fund.

Garvin County Finance Authority

B. Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two major categories: governmental and fiduciary.

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are generally used to account for assets that the government holds on behalf of others as their agent.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

Account Groups

General Fixed Assets Account Group (GFAAG) – Accounting principles generally accepted in the United States of America require that the fixed assets of a government be reported in a general fixed assets account group (GFAAG). This account group is not a fund. It does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the government's fixed assets and is designed to ensure accountability.

General Long-Term Debt Account Group (GLTDAG) - The general long-term debt account group (GLTDAG) is used to account for a government's unmatured long-term indebtedness that has not been identified as a specific fund liability of a trust fund. In addition to general obligation debt instruments (e.g., bonds, warrants), the GLTDAG is also used to report certain liabilities that are normally not expected to be liquidated with expendable available financial resources (e.g., capitalized lease-purchase obligations).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if collected within 60 days after year end. Expenditures are recorded when incurred and the related fund liability is expected to be paid from available spendable resources. Principal and interest on general long-term debt are recorded as fund expenditures when paid or when amounts for principal and interest have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, sales tax, interest revenue, and other taxes collected and held by the Oklahoma Tax Commission at year end on behalf of the government. Charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the credit for deferred revenue is removed from the combined balance sheet, and revenue is recognized.

D. Budgetary Policies and Procedures

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

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

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 special revenue funds.

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

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General and Special Revenue (County Health Department only) Funds 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 Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

E. Cash

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. All funds were deposited in interest-bearing demand accounts at June 30, 2001.

F. Receivables

All receivables are reported at their gross value.

G. Interest Receivable

Interest on deposits is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

The costs of governmental fund-type inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve.

I. Fixed Assets

The County presently maintains some individual records of personal property; however, the County does not keep similar records for land, buildings, and improvements. Because the County does not maintain detailed records of its land, buildings, and improvements, a statement of general fixed assets, required by accounting principles generally accepted in the United States of America, is not presented on the Combined Balance Sheet - All Fund Types and Account Group.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

J. 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-Insured Group. (See ACCO-SIG.)	If claims exceed pool assets, 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 pool assets, 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. (See ACCO Self-Insured Fund ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

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 \$2,500 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 assessed additional premiums to be paid by its members in the past three years.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2001 fiscal year.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

K. Compensated Absences

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and may be accumulated. The amount of accumulated unpaid vacation benefits is not material to the financial statements for the fiscal year ending June 30, 2001.

The County does not record any liability for sick leave. An employee earns up to twelve (12) days per year and may accumulate up to sixty (60) days. There is no history of sick leave usage from which to project future usage; hence, no liability for such has been recorded. Such an amount if recorded would not be material to the financial statements.

L. Long-Term Obligations

The County reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

M. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Interfund transactions have not been eliminated from the total column of each financial statement.

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 Account Balances

Title 62 O.S. 1996 Supp., § 348.3 authorizes the County Treasurer to invest in:

- 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 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.

These restrictions do not apply to the proceeds of bonds issued by the Garvin County Finance Authority or the revenues that service the debt in accordance with Title 62 O.S. 1997 Supp., § 72.4a.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

A. Deposits

At year-end, the carrying amount of the County's deposits was \$5,399,940, and the bank balance was \$5,493,406. Of the bank balance, \$5,493,406 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

B. Receivables

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. A continuous and systematic program of visual inspection of all taxable real property within the County is required at least once every four (4) years.

The net assessed property value as of January 1, 2000, was \$102,822,172.

The County levied 10.27 mills for general fund operations, 2.57 mills for the County Health Department, and 1.65 mills for debt service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and apportions 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, 2001, were approximately 96 percent of the tax levy.

C. 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 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the plan for the years ending June 30, 1999, 2000, and 2001, were \$194,827, \$191,876, and \$213,195, respectively, equal to the required contributions for each year.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

D. 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. 1991, § 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 subsequent pieces of machinery acquired. The one-time fee will be reported as interest. Oklahoma Statutes prohibit the County from entering into contracts of this nature longer than one year. For this reason, these lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the County. However, it is the County's intent to exercise its right to purchase this property; accordingly, the lease-purchase agreements have been capitalized to conform with accounting principles generally accepted in the United States of America. The unpaid portions of these agreements have been reflected as capitalized lease obligations within the general long-term debt account group.

Providing all capital leases are renewed each year by resolution of the Board of Commissioners, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2001, are as follows:

Year Ending	Principal	Interest	Total
2002	\$ 124,340	\$ 20,318	\$ 144,658
2003	62,419	12,763	75,182
2004	63,193	9,141	72,334
2005	106,821	4,570	111,391
2006	14,846	380	15,226
Total	<u>\$ 371,619</u>	<u>\$ 47,172</u>	<u>\$ 418,791</u>

During the year, the County capitalized leases totaling \$100,657 and paid \$656,342 on the outstanding balances of lease-purchase agreements.

E. Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for industrial development activities.

General Obligation Limited Tax Bonds – On November 14, 1967, the voters of Garvin County approved the issuance of \$1,700,000 in general obligation limited tax bonds. The bonds are to be used to secure and develop industry within the County. The Garvin County Industrial Development Authority was created under the provisions of 60 O.S. 1991, § 176-180, inclusive, to administer the bonds for their intended purpose. Bonds are issued as needed for specific purposes until the \$1,700,000 limit is reached.

On September 8, 1997, the County issued \$253,000 in general obligation bonds for industrial development. This issue (General Obligation Limited Tax Bonds of 1997) completes the \$1,700,000 limit approved by Garvin County voters in November, 1967.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Garvin County General Obligation Bonds – General Government

Series	Date Issued	Interest Rate	Original Issue	Balance Outstanding at June 30, 2001
1996	April 1, 1996	6%	\$ 950,000	\$ 680,000
1997	September 8, 1997	6%	253,000	253,000
Totals			<u>\$ 1,203,000</u>	<u>\$ 933,000</u>

Payments of principal and interest on the bonds (Series 1996 and 1997) are provided by ad valorem taxes levied against all taxable property of the County. The County levied 1.65 mills for debt service for the year ended June 30, 2001.

Annual debt service requirements to maturity for general obligation bonds, including interest of \$174, 020, are as follows:

Fiscal Year Ending June 30,	Total
2002	\$ 224,260
2003	214,060
2004	203,860
2005	193,695
2006	188,635
2007-2008	82,510
Total	<u>\$ 1,107,020</u>

E. Changes in Long-Term Liabilities

During the year ended June 30, 2001, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
General obligation debt	\$ 1,068,000	\$ -	\$ 135,000	\$ 933,000
Capital leases	927,304	100,657	656,342	371,619
Total	<u>\$ 1,995,304</u>	<u>\$ 100,657</u>	<u>\$ 791,342</u>	<u>\$ 1,304,619</u>

F. Fund Balance

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance accounts are summarized below.

GARVIN COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

Reserved for Encumbrances – The reserve for encumbrances represents encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

Reserved for Debt Service – The reserve for debt service was established to indicate that the fund balance or portion thereof is required by law to be used for the payment of any outstanding bonds, interest, or judgments against the County.

Reserved for Consumable Inventories – The reserve for consumable inventories was established to indicate that this portion of the fund balance which was created by inventory items is not available for appropriation.

G. Fuel Taxes

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

4. Contingent Liabilities

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

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

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

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
GARVIN COUNTY, OKLAHOMA

We have audited the financial statements of Garvin County, Oklahoma, as of and for the year ended June 30, 2001, and have issued our report thereon dated February 11, 2001. We qualified our opinion because the general fixed assets account group was not included in the financial statements. 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 Garvin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Garvin County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described below.

Finding 97-1 - General Fixed Assets

Criteria: Accounting principles generally accepted in the United States of America for a governmental entity using governmental fund types require the presentation of the general fixed assets account group (GFAAG) in the financial statements.

Condition: Information is not available for reporting general fixed assets in accordance with accounting principles generally accepted in the United States of America for a government entity. The general fixed assets control account is not accurate.

Finding 97-1 – General Fixed Assets (continued)

Effect: This component of internal control is not effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

Recommendation: We recommend records include acquisition cost, a complete description, purchase date, location of such asset, and that a control total of the cost of these assets be maintained and reconciled annually.

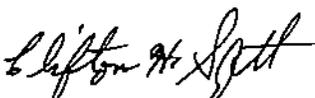
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, we consider item 97-1 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 County Officials 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,



CLIFTON H. SCOTT
State Auditor and Inspector

February 11, 2002

MANAGEMENT RESPONSE

Garvin County Board of County Commissioners

Telephone [405] 238-2685
Box 237
Pauls Valley, Oklahoma 73075

Kenneth Holden
Rex Carlton
Johnny Mann

February 11, 2002

Office of the State Auditor and Inspector
Attention: Clifton H. Scott
State Capitol Building-Room 100
Oklahoma City, Ok 73105

Gentlemen:

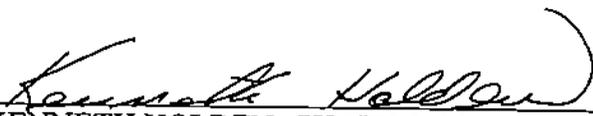
SUBJECT: CORRECTIVE ACTION PLAN

General Fixed Assets - Finding 97-1

We agree that cost values and control totals are required by Generally Accepted Accounting Principles; however, we do not think the statutes require such information. We may not have the time to accumulate the information needed during the next year.

During the current fiscal year, we will try to update the inventory records required by 19 O. S. 1991, 178.1 which include an inventory card for each item with a complete description of the item, the serial number, and location.

GARVIN COUNTY BOARD OF COUNTY COMMISSIONERS


KENNETH HOLDEN, CHAIRMAN


JOHNNY MANN, VICE-CHAIRMAN


REX CARLTON, MEMBER