

COUNTY AUDIT

# GARVIN COUNTY

For the fiscal year ended June 30, 2008



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

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

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

March 5, 2012

TO THE CITIZENS OF  
GARVIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garvin County, Oklahoma for the fiscal year ended June 30, 2008. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink, reading "Gary A. Jones".

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

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

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

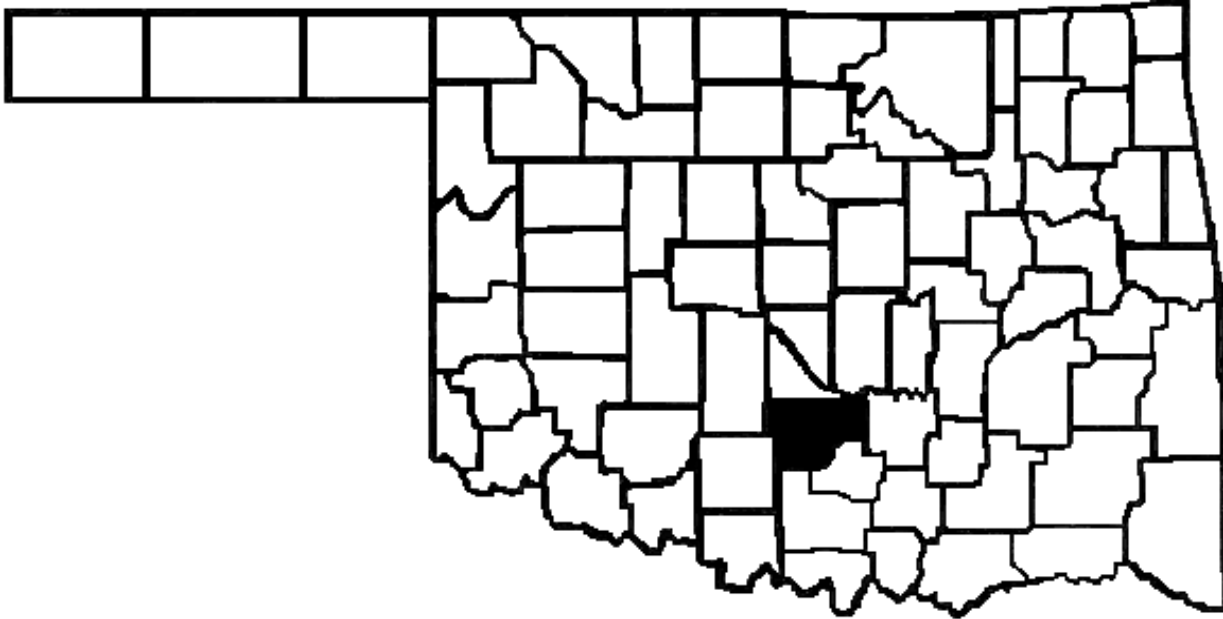
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**REPORT TO THE CITIZENS  
OF  
GARVIN COUNTY, OKLAHOMA**

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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 county information, call the county clerk’s office at (405) 238-2772 or the Chamber of Commerce at (405) 238-6491.

County Seat – Pauls Valley

Area – 813.66 Square Miles

County Population – 27,228  
(2005 est.)

Farms – 1,637

Land in Farms – 468,880 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

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

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**COUNTY ASSESSOR**  
Evelyn Bradley

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**  
Gina Mann

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.

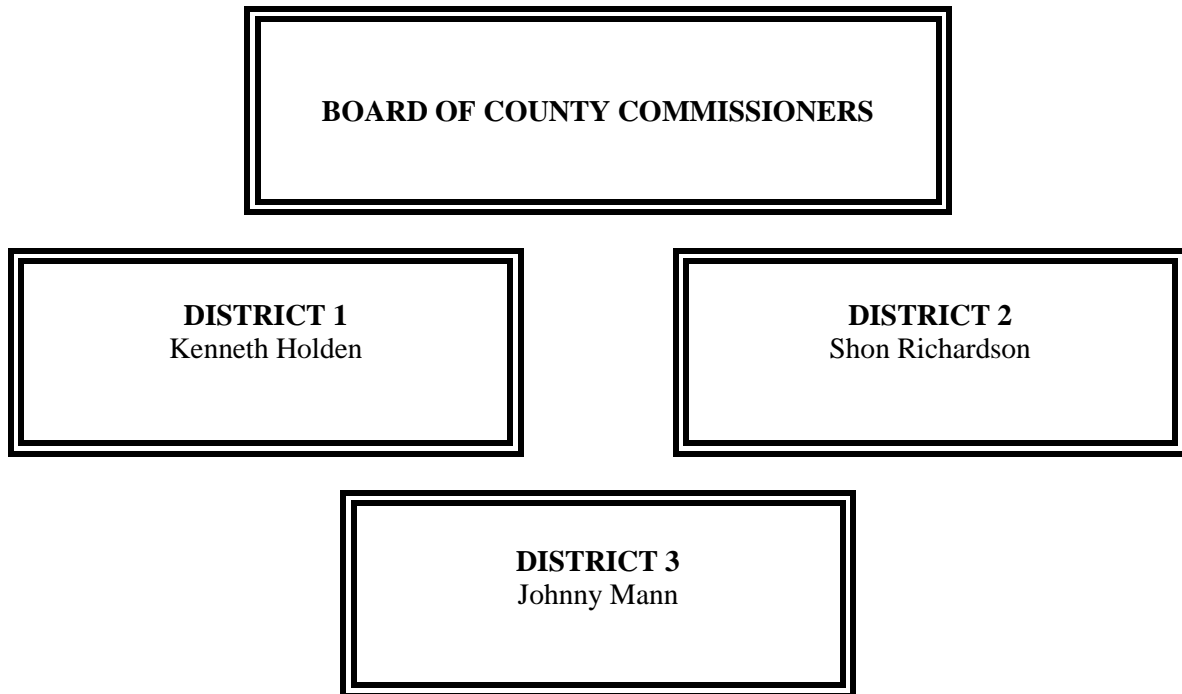
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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.

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

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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.

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

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**COUNTY SHERIFF**  
Bill Roady

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**  
Sandy Goggans

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.

See independent auditor's report.

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

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<b>COURT CLERK</b> Kay Brewer
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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.

<b>DISTRICT ATTORNEY</b> Greg Mashburn
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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.

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

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<b>ELECTION BOARD SECRETARY</b> Cathy Brinley
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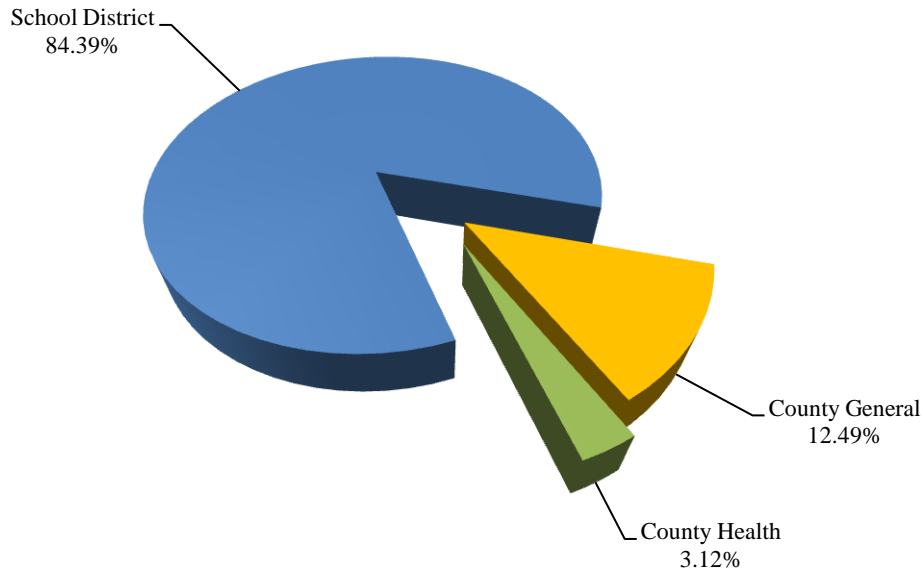
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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.

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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



County-Wide Millages			School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Career Tech Bldg.	Common	Total
County General	10.27									
County Health	2.57									
		Stratford	I-2	36.51	5.22	27.31	10.22	1.03	4.11	84.40
		Paoli	I-5	35.96	5.14	19.42	10.22	1.03	4.11	75.88
		Maysville	I-7	35.99	5.14	11.79	10.22	1.03	4.11	68.28
		Lindsay	I-9	35.92	5.13	9.73	10.22	1.03	4.11	66.14
Other		Pauls Valley	I-18	35.58	5.08	21.00	10.22	1.03	4.11	77.02
Wynnewood EMS (SD)	3.08	Wynnewood	I-38	35.96	5.14	8.05	10.22	1.03	4.11	64.51
Pauls Valley Ambulance (City)	3.06	Elmore City-Pernell	I-72	36.32	5.19	15.83	10.22	1.03	4.11	72.70
		Whitebead	D-16	36.01	5.14		10.22	1.03	4.11	56.51
		Alex	JI-56	35.00	5.00	13.32	10.00	5.00	4.11	72.43
		Byars	JD-4MC	37.03	5.29	15.93	10.22	1.03	4.11	73.61
		Bray-Doyle	JI-42	35.41	5.06	8.23	10.12	2.02	4.11	64.95
		Wayne	JI-10	36.71	5.24		8.39	2.10	4.11	56.55

See independent auditor's report.

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

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Total net assessed value as of January 1, 2007		<u>\$ 148,499,021</u>
Debt limit - 5% of total assessed value		7,424,951
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>27,495</u>	<u>-</u>
Legal debt margin		<u>\$ 7,424,951</u>

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**  
**(UNAUDITED)**

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	<u>2008</u>
Estimated population	<u>27,228</u>
Net assessed value as of January 1, 2007	<u>\$ 148,499,021</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>27,495</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$55,197,319	\$22,933,340	\$77,764,153	\$7,395,791	\$148,499,021	\$1,312,983,109

See independent auditor's report.

## **FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

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

## Independent Auditor's Report

### TO THE OFFICERS OF GARVIN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garvin County, Oklahoma, as of and for the year ended June 30, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Garvin County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Garvin County as of June 30, 2008, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Garvin County, for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012, on our consideration of Garvin 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, flowing script.

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

February 27, 2012

## **Basic Financial Statement**

**GARVIN COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Transfer In	Disbursements	Ending Cash Balances June 30, 2008
Combining Information:					
County General Fund	\$ 604,526	\$ 2,117,791	\$ -	\$ 1,999,437	\$ 722,880
Highway Cash	3,105,225	6,126,873		4,915,900	4,316,198
County Health Department	272,770	367,494		437,209	203,055
Resale Property	158,039	75,676	25,717	55,785	203,647
Treasurer Mortgage Tax Certification Fee	65,980	12,626		1,569	77,037
County Clerk Lien Fee (F-4)	207,738	81,281		149,548	139,471
County Assessor Revolving Fund (H-4)	24,026	7,327		6,001	25,352
Sheriff Service Fee	238,826	560,988		674,962	124,852
Community Service Sentencing Program	3,866			2,617	1,249
GOLTB 96	329,467	13,826			343,293
GOLTB 97	693				693
Sheriff Training	1,031	10,947		6,472	5,506
Sheriff Drug Enforcement	797	2,144		500	2,441
County Assessor Hardware	160				160
Sheriff Drug Task Force	76				76
REAP		15,187		8,888	6,299
Hazard Mitigation Grant	2,785				2,785
CDBG-B Architect		227,662		181,199	46,463
County Sinking	59,894	11,834		44,233	27,495
Fair Barn	4,458	30,150		13,777	20,831
District Attorney Confinement	4,656	2,561			7,217
Civil Defense	19				19
Court Clerk Supplemental	69,080	230,000		199,847	99,233
911-Countywide	10,319	290,555		57,407	243,467
911-Wireless	8,478	109,454			117,932
Sales Tax		1,235,230		215,923	1,019,307
Use Tax		76,789			76,789
<b>Combined Total -- All County Funds</b>	<b>\$ 5,172,909</b>	<b>\$ 11,606,395</b>	<b>\$ 25,717</b>	<b>\$ 8,971,274</b>	<b>\$ 7,833,747</b>

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

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

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**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 Garvin County, Oklahoma. The financial statement referred to includes only the primary government of Garvin County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. 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.

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

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

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

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

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

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County Clerk Lien Fee (F-4) - accounts for lien collections and disbursements as restricted by statute.

County Assessor Revolving Fund (H-4) - accounts for the collection of fees for copies restricted by state statute.

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

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

GOLTB 96 - accounts for the collection of interest from invested general obligation limited tax bonds.

GOLTB 97 - accounts for collection of interest from invested general obligation limited tax bonds.

Sheriff Training – accounts for court ordered restitution, drug forfeitures and donations and disbursed for training purposes only.

Sheriff Drug Enforcement – accounts for drug forfeitures and is used for payments for the purchase of illegal drugs in sting operations.

County Assessor Hardware – accounts for the collection of funding through the state for computer equipment.

Sheriff Drug Task Force – accounts for drug forfeitures and used to purchase equipment.

REAP – accounts for grant funds received for the maintenance and operation of fire departments and senior citizens' centers within the County.

Hazard Mitigation Grant – accounts for grant funds received from the Federal Emergency Management Agency; disbursements are made to individuals for safe room projects.

CDBG-B Architect – accounts for grant funds received from the Department of Commerce; disbursements are made as per the grant agreement.

County Sinking - accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. 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.

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

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Fair Barn – accounts for the collection of revenue generated from building rent, booth rental, and other fees.

District Attorney Confinement – accounts for the collection of incarceration costs and disbursed in accordance with state statutes.

Civil Defense – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Court Clerk Supplemental – accounts for monies transferred from the court fund for payroll.

911 Countywide - accounts for monies received from private telephone companies for the operations of emergency 911 services.

911 Wireless - accounts for monies received from the wireless telephone companies for operation of the emergency 911 services.

Sales Tax – accounts for the sales tax collected and spent for the purpose of maintaining and operating the Garvin county courthouse, Sheriff's department/jail, and county roads and bridges.

Use Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements for the general operation of the County.

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

**C. Basis of Accounting**

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

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

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**D. Budget**

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

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

**E. Cash**

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

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

**F. Investments**

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

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

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

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

**G. Compensated Absences**

All full-time County employees shall be entitled to vacation leave as follows:

<b>Years of Service</b>	<b>Vacation Leave</b>
0 – 1	5 days
2 – 15	10 days
Over 15	15 days

Vacation Leave – Vacation must be earned before it is taken and shall not be carried from one year to the next. Vacation leave will be accrued on a yearly basis and pro-rated, as appropriate, for less than full-time service. Upon separation with the County, an employee will be paid for the balance of accrued annual leave.

Sick Leave – All full time employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of one work day for each full calendar month of service and may be accrued up to a maximum of sixty (60) days. Upon separation with the County, an employee may not collect pay for 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, 2007, was approximately \$148,499,021.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.27 mills for general fund operations and 2.57 mills for county health department. In addition, the County collects the ad valorem taxes assessed by emergency medical service districts and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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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.

Current year tax collections for the year ended June 30, 2008, were approximately 96.57 percent of the tax levy.

**3. Fuel Tax**

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

**4. Risk Management**

ACCO-SIG – The County is exposed to the various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group (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.

**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, but have a one-time fee of 3% on all pieces of machinery acquired.

**General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Debt service on the bonds will be paid from ad valorem taxes levied and assessed on behalf of the issuer and deposited to the Sinking Fund.

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

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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. Bonds were issued as needed for specific purposes until the \$1,700,000 limit was reached.

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 25 years from the date of issue.

General obligation bonds currently outstanding are as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Interest Rates</u>	<u>Remaining Original Issues</u>	<u>Balance Outstanding at June 30, 2008</u>
1997	September 8, 1997	5.50%	\$ 253,000	\$-0-

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$ 43,000	\$-0-	\$ 43,000	\$-0-

During fiscal year 2008, payments included \$43,000 for principal, \$1,183 interest, and \$50 for fees.

## **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.

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

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Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$365,200, \$309,307, and \$278,141, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**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.

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

**9. Transfer In**

The County transferred \$25,717 from the Excess Resale Fund to the Resale Property Fund in accordance with 68 O.S. § 3131 (C).

## **OTHER SUPPLEMENTARY INFORMATION**

**GARVIN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund		
	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 604,526	\$ 604,526	\$ -
Less: Prior Year Outstanding Warrants	(83,256)	(83,256)	
Less: Prior Year Encumbrances	(12,949)	(10,659)	2,290
Beginning Cash Balances, Budgetary Basis	508,321	510,611	2,290
Receipts:			
Ad Valorem Taxes	1,386,441	1,330,412	(56,029)
Charges for Services	168,428	190,922	22,494
Intergovernmental Revenues	287,521	335,897	48,376
Miscellaneous Revenues	120,361	260,560	140,199
Total Receipts, Budgetary Basis	1,962,751	2,117,791	155,040
Expenditures:			
District Attorney	1,800	1,800	
County Sheriff	386,306	385,255	1,051
County Treasurer	157,184	156,176	1,008
County Commissioners	67,123	59,825	7,298
OSU Extension	46,870	46,270	600
County Clerk	193,304	180,663	12,641
Court Clerk	157,281	144,798	12,483
County Assessor	126,769	122,184	4,585
Revaluation of Real Property	238,370	235,094	3,276
General Government	506,057	261,413	244,644
Excise-Equalization Board	3,000	2,261	739
County Election Board	71,429	70,879	550
Insurance	442,500	308,450	134,050
County Purchasing	39,729	37,412	2,317
Charity	9,000	3,076	5,924
County Audit Budget Account	14,850		14,850
Free Fair Budget	9,500	9,482	18
Total Expenditures, Budgetary Basis	2,471,072	2,025,038	446,034
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	603,364	\$ 603,364
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		25,500	
Add: Current Year Outstanding Warrants		94,016	
Ending Cash Balance		\$ 722,880	

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

**GARVIN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY HEALTH DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	County Health Department Fund		
	Final		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 272,770	\$ 272,770	\$ -
Less: Prior Year Outstanding Warrants	(46,247)	(46,247)	
Less: Prior Year Encumbrances	(57,900)	(55,118)	2,782
Beginning Cash Balances, Budgetary Basis	168,623	171,405	2,782
Receipts:			
Ad Valorem Taxes	346,948	332,927	(14,021)
Charges for Services	6,419	6,418	(1)
Intergovernmental			-
Miscellaneous Revenues	6,860	28,149	21,289
Total Receipts, Budgetary Basis	360,227	367,494	7,267
Expenditures:			
Health and Welfare	528,850	366,012	162,838
Total Expenditures, Budgetary Basis	528,850	366,012	162,838
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	172,887	\$ 172,887
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		2,447	
Add: Current Year Outstanding Warrants		27,721	
Ending Cash Balance		\$ 203,055	

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

**GARVIN COUNTY, OKLAHOMA**  
**DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BALANCES—SINKING FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Beginning Cash Balance	<u>\$ 59,894</u>
Receipts:	
Ad Valorem Tax	1,243
Miscellaneous	<u>10,591</u>
Total Receipts	<u>11,834</u>
Disbursements:	
GO Bonds	43,000
Interest/Fees Paid	<u>1,233</u>
Total Disbursements	<u>44,233</u>
Ending Cash Balance	<u>\$ 27,495</u>

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

**GARVIN COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**1. Budgetary Schedules**

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

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

**2. 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.

**GARVIN COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed Through Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12683 CDBG 07	\$ 120,823
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12684 CDBG 07	38,036
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12685 CDBG 07	600
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	11826 CDBG 05	7,503
Total U.S. Department of Housing and Urban Development			<u>166,962</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Oklahoma Department of Public Safety:			
Homeland Security Grant Program	97.067		<u>23,995</u>
Passed Through State Department of Oklahoma Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1678	314,704
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1723	25,263
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1712	47,286
Total CFDA #97.036			<u>387,253</u>
Total U.S. Department of Homeland Security			<u>411,248</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 578,210</u></u>

The accompanying note is an integral part of this schedule.  
See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Garvin County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See independent auditor's report.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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

## **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  
GARVIN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garvin County, Oklahoma, as of and for the year ended June 30, 2008, which comprises Garvin County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 27, 2012. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Garvin County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. 2008-1, 2008-2, 2008-3, 2008-4, 2008-5

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1, 2008-2, and 2008-4 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garvin 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*.

We noted a certain matter that we reported to the management of Garvin County, which is included in Section 4 of the schedule of findings and questioned costs contained in this report.

Garvin County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Garvin County's response and, accordingly, we express no opinion on it.

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a long horizontal flourish extending to the right.

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

February 27, 2012



# Oklahoma State Auditor & Inspector

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

## **Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

TO THE OFFICERS OF  
GARVIN COUNTY, OKLAHOMA

### Compliance

We have audited the compliance of Garvin County, Oklahoma, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Garvin County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Garvin County's management. Our responsibility is to express an opinion on Garvin County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Garvin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Garvin County's compliance with those requirements.

In our opinion, Garvin County, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of Garvin County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Garvin County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Garvin County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be both a significant deficiency and a material weakness.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-6 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency in internal control over compliance described above to be a material weakness.

Garvin County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Garvin County's response and, accordingly, we express no opinion on it.

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, flowing script.

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

February 27, 2012

**GARVIN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**SECTION 1—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: .....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified that are not  
considered to be material weaknesses? ..... Yes

Noncompliance material to financial statements noted?..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified that are not  
considered to be material weakness(es)? ..... None reported

Type of auditor's report issued on  
compliance for major programs: ..... Unqualified

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133? ..... No

Identification of Major Programs

CFDA Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants – Public Assistance  
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between

Type A and Type B programs: ..... \$300,000

Auditee qualified as low-risk auditee?..... No

**GARVIN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2008-1- Segregation of Duties**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: The County Treasurer has three full-time deputies. All employees, including the Treasurer, have the ability to open mail and issue receipts. Two employees prepare the deposits and one of these two employees takes the deposits to the bank.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Management Response:

**County Treasurer, Sandy Goggans:** We will make it a priority to work on this.

**Finding 2008-2 - Segregation of Duties – Payroll**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: A lack of segregation of duties exists in the County Clerk's office because the Payroll Clerk processes payroll, prints off verification reports, and compares payroll claims to verification report for accuracy.

**GARVIN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Management Response:

**County Clerk, Gina Mann:** We will have another person check payroll for accuracy.

**Finding 2008-3 – Financial Statement and Disclosures**

Criteria: The County's management is responsible for establishing internal control procedures to prepare and/or review the financial statements and accompanying notes to the financial statements in accordance with applicable accounting principles. Statement on Auditing Standards (SAS) No. 112 indicates that the County must have adequate knowledge and expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards indicate that the external financial statement auditor cannot perform any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to properly review the financial statement and ensure all required disclosures are presented with the financial statement.

Effect: This condition could result in unrecorded transactions or undetected errors.

Recommendation: OSAI recommends the County implement a review process for the financial statements and accompanying notes. The County may consider one or more of the following to ensure proper internal controls:

- Using a checklist or financial statement guide to facilitate the review process.
- Having at least one staff member trained in financial statement preparation and having sufficient skills necessary to prepare a complete set of year-end financial statements .
- Having someone independent of preparing the financial statement, review for accuracy and completeness.

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Management Response:

**County Treasurer, Sandy Goggans:** We will attend the CODA Conference where the State Auditor will provide a training class on how to prepare the financial statement and we will prepare the financial statement according to the information provided at class.

**County Clerk, Lori Fulks:** Will attend the CODA Conference in September 2011, where the State Auditor will provide a class for preparation of the financial statement. Will prepare the statement according to the information provided in the class.

**Board of County Commissioners: Kenneth Holden, Shon Richardson, and Johnny Mann:** The Board of County Commissioners of Garvin County will implement a review process for the financial statements and accompanying notes.

**Finding 2008-4 – County-Wide Controls**

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Control Environment, Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process. Proper monitoring will ensure that controls continue to be adequate and to function properly.

Condition: County-wide controls regarding risk assessment and monitoring have not been designed.

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

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Recommendation: OSAI recommends that the County implement a system of internal controls to include risk assessment and monitoring, which will provide reasonable assurance regarding the achievement of goals and objectives.

Management Response:

**Board of County Commissioners: Kenneth Holden, Shon Richardson, and Johnny Mann:** We, the Board of County Commissioners, will strive to make risk assessment and monitoring a priority in Garvin County.

**County Treasurer, Sandy Goggans:** We will make it a priority to work on this.

**County Clerk, Gina Mann:** We will strive to make risk assessment and monitoring a priority.

**Finding 2008-5 – County Clerk and Treasurer PC Security**

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support DS5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

Condition: Upon review of the computer systems within the County Treasurer and the County Clerk's office, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss or disclosure. The following was noted:

1. Passwords are not required to be changed periodically.
2. There are no written job descriptions or policies and procedures regarding computer usage.
3. In the County Clerk's office, there are no requirements on passwords to be any certain length or character specific.

Effect: Security for the computer, computer programs, and data could be compromised.

Recommendation: OSAI recommends the County work with their IT personnel or in conjunction with software vendors to setup password requirements for length, character and an expiration of a minimum of at least every ninety days. In addition, OSAI recommends written job descriptions and policies and procedures regarding computer use be written and implemented by management.

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Management Response:

**County Clerk, Gina Mann:** We will get with Kellpro and work on changing the passwords more often. In the 2009 Handbook, we approved policy and procedures concerning computer usage.

**County Treasurer, Sandy Goggans:** We will get with Kellpro to get passwords changed. Policies and procedures regarding computer usage have been addressed in the 2009 Handbook.

**SECTION 3—Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.**

**Finding 2008-6 – Internal Controls – Compliance Requirements A, B and C**

**FEDERAL AGENCY:** U.S. Department of Homeland Security

**CFDA NO:** 97.036

**FEDERAL PROGRAM NAME:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**FEDERAL AWARD NUMBER:** 1678, 1723, 1712

**FEDERAL AWARD YEAR:** 2007 and 2008

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management

**QUESTIONED COSTS:** \$-0-

Criteria: Circular A-133 § .300 (b) states that the auditee shall:

Maintain internal controls over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition: During interviews with management, it was noted that the County has not designed and implemented formal internal controls for all of the compliance requirements of its major program, Disaster Grants - Public Assistance, as required by OMB Circular A-133. The County has not designed controls to ensure compliance with Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management.

Effect: Lack of internal controls over Federal major program expenditures could lead to erroneous reporting and/or material misstatement of the County's Schedule of Expenditures of Federal Awards, and increases the potential for material noncompliance.

Recommendation: OSAI recommends the County gain an understanding of the requirements for this program and implement internal controls to ensure compliance with the requirements.

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Management Response:

**Board of County Commissioners: Kenneth Holden, Shon Richardson, and Johnny Mann:** We, as the Board of County Commissioners, will make an effort to gain more of an understanding of the requirements for the grant program and implement internal controls to ensure compliance with the requirements.

**SECTION 4—This section contains a certain matter not required to be reported in accordance with *Government Auditing Standards*. However, we believe this matter is significant enough to bring to management’s attention. We recommend that management consider this matter and take appropriate corrective action.**

**Finding 2008-8 – Inmate Trust**

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets.

Failure to perform tasks that are part of internal controls, such as preparing timely reconciliations and having the reconciliations reviewed and approved, are deficiencies in internal control.

Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, documentation to support transactions should be retained.

Condition: The following exceptions were noted in our audit of the Sheriff’s Inmate Trust Fund:

- There is no documentation to indicate that the Inmate Trust Account bank reconciliations are being reviewed or approved.
- Two inmate disbursement authorization forms were missing and not available for audit.

Effect: Without proper accounting and safeguarding of the Inmate Trust Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the Sheriff’s office retain the supporting documentation when reconciling the Inmate Trust Account and implement procedures that include having an independent person review and approve the Inmate Trust bank reconciliations. In addition, OSAI recommends management take steps to ensure proper documentation is maintained.

Management Response:

**County Sheriff, Larry Rhodes:** These conditions existed prior to me taking office on November 5, 2010; therefore, I defer any detailed response or explanation to previous sheriffs.

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Corrective actions planned:

- Policy is being drafted directing someone other than the Office Manager review and approve the bank reconciliation.
- Inmate Trust Account records will be kept in one secure location and be disposed of according to the current records retention policies and procedures for the County.



## OFFICE OF THE STATE AUDITOR AND INSPECTOR

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