

COUNTY AUDIT

# GARVIN COUNTY

For the fiscal year ended June 30, 2013



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



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

**GARVIN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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

October 30, 2015

TO THE CITIZENS OF  
GARVIN COUNTY, OKLAHOMA

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

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

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

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

Sincerely,

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

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

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

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

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INTERNAL CONTROL AND COMPLIANCE SECTION

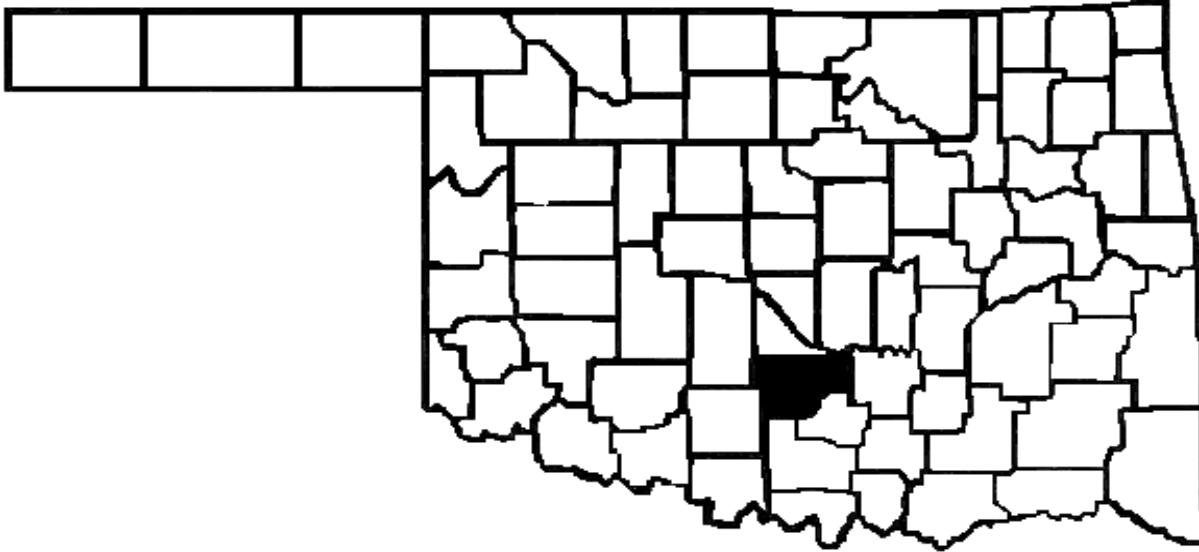
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**PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**GARVIN COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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, 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 405-238-2843 or the Chamber of Commerce at 405-238-6491.

County Seat – Pauls Valley

Area – 813.66 Square Miles

County Population – 27,297  
(2012 est.)

Farms – 1,666

Land in Farms – 500,804 Acres

Primary Source: Oklahoma Almanac 2013-2014

**Board of County Commissioners**

District 1 – Stan Spivey  
District 2 – Shon Richardson  
District 3 – Johnny Mann

**County Assessor**

Beverly Strickland

**County Clerk**

Lori Fulks

**County Sheriff**

Larry Rhodes

**County Treasurer**

Sandy Goggans

**Court Clerk**

Cindy Roberts

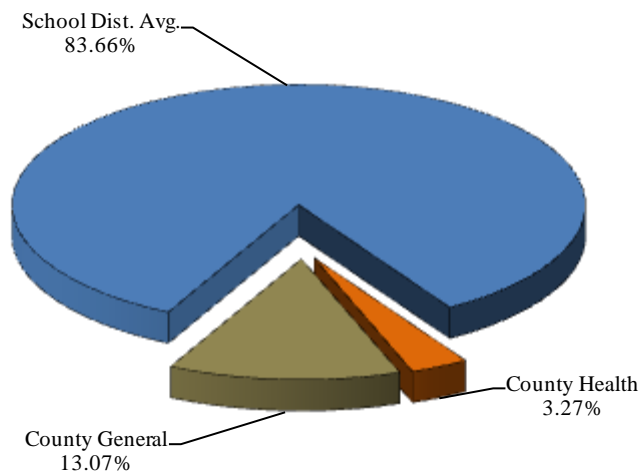
**District Attorney**

Greg Mashburn



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

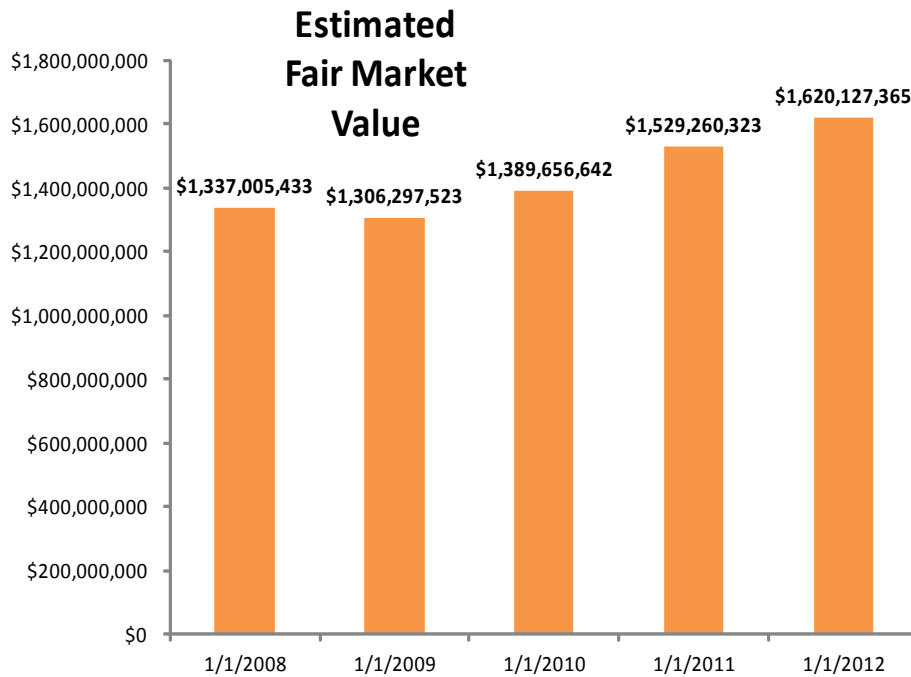
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



| County-Wide Millages          |       | School District Millages |        |       |       |       |                |        |       |
|-------------------------------|-------|--------------------------|--------|-------|-------|-------|----------------|--------|-------|
|                               |       |                          |        | Gen.  | Bldg. | Skg.  | Career<br>Tech | Common | Total |
| County General                | 10.27 |                          |        |       |       |       |                |        |       |
| County Health                 | 2.57  | Stratford                | I-2    | 36.51 | 5.22  | 25.03 | 11.25          | 4.11   | 82.12 |
|                               |       | Paoli                    | I-5    | 35.96 | 5.14  | 12.73 | 11.25          | 4.11   | 69.19 |
|                               |       | Maysville                | I-7    | 35.99 | 5.14  | 8.74  | 11.25          | 4.11   | 65.23 |
|                               |       | Lindsay                  | I-9    | 35.92 | 5.13  | 14.32 | 11.25          | 4.11   | 70.73 |
|                               |       | Pauls Valley             | I-18   | 35.58 | 5.08  | 15.91 | 11.25          | 4.11   | 71.93 |
|                               |       | Wynnewood                | I-38   | 35.96 | 5.14  | 2.73  | 11.25          | 4.11   | 59.19 |
| Pauls Valley Ambulance (City) | 3.06  | Elmore/Pernell           | I-72   | 36.32 | 5.19  | 7.66  | 11.25          | 4.11   | 64.53 |
| Wynnewood EMS (SD)            | 3.08  | Whitebead                | D-16   | 36.01 | 5.14  | -     | 11.25          | 4.11   | 56.51 |
|                               |       | Byars                    | JD-4MC | 37.03 | 5.29  | -     | 11.25          | 4.11   | 57.68 |
|                               |       | Bray-Doyal               | JI-42  | 35.41 | 5.06  | 5.34  | 12.14          | 4.11   | 62.06 |
|                               |       | Wayne                    | JI-10M | 36.71 | 5.24  | 9.51  | 15.23          | 4.11   | 70.80 |
|                               |       | Alex                     | JI-56  | 35.00 | 5.00  | -     | 15.00          | 4.11   | 59.11 |

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

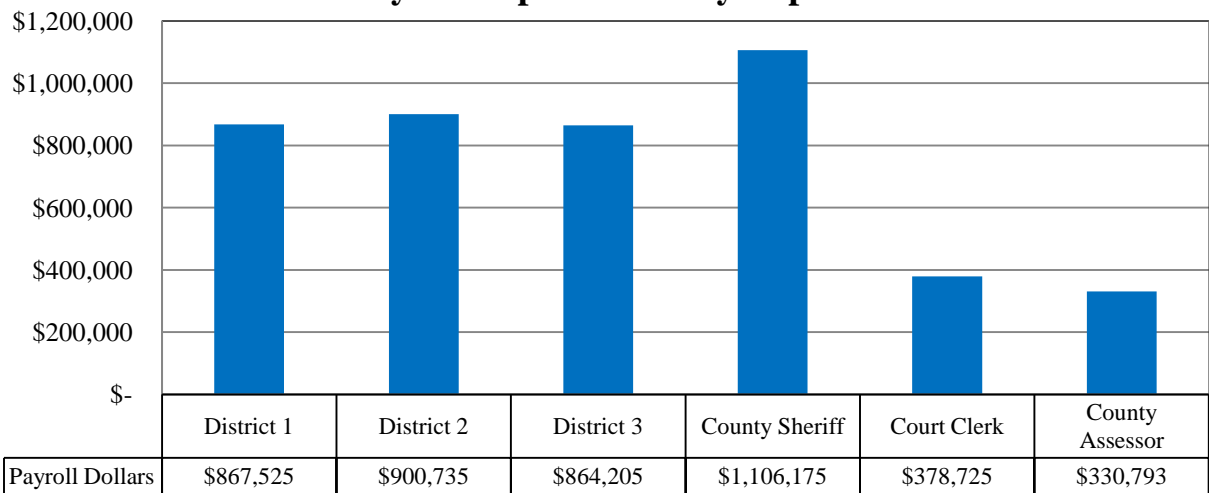
| Valuation Date | Personal     | Public Service | Real Estate  | Homestead Exemption | Net Value     | Estimated Fair Market Value |
|----------------|--------------|----------------|--------------|---------------------|---------------|-----------------------------|
| 1/1/2012       | \$95,439,686 | \$26,991,884   | \$84,252,752 | \$7,647,209         | \$199,037,113 | \$1,620,127,365             |
| 1/1/2011       | \$79,322,034 | \$26,526,430   | \$89,720,243 | \$7,683,684         | \$187,885,023 | \$1,529,260,323             |
| 1/1/2010       | \$65,767,573 | \$24,717,231   | \$87,509,098 | \$7,692,155         | \$170,301,747 | \$1,389,656,642             |
| 1/1/2009       | \$59,824,024 | \$20,871,218   | \$85,547,378 | \$7,650,692         | \$158,591,928 | \$1,306,297,523             |
| 1/1/2008       | \$65,717,236 | \$19,630,237   | \$84,016,014 | \$7,529,367         | \$161,834,120 | \$1,337,005,433             |



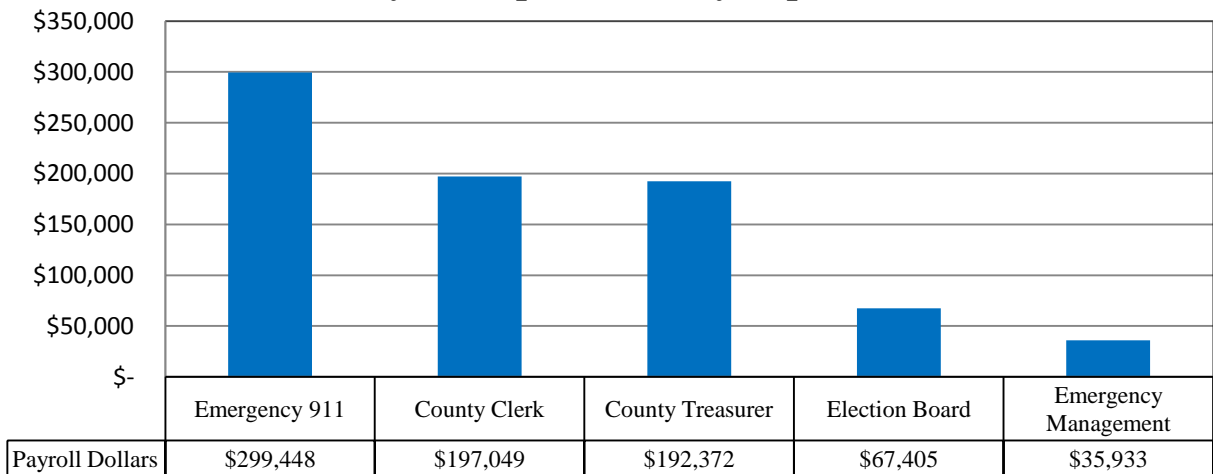
**GARVIN COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

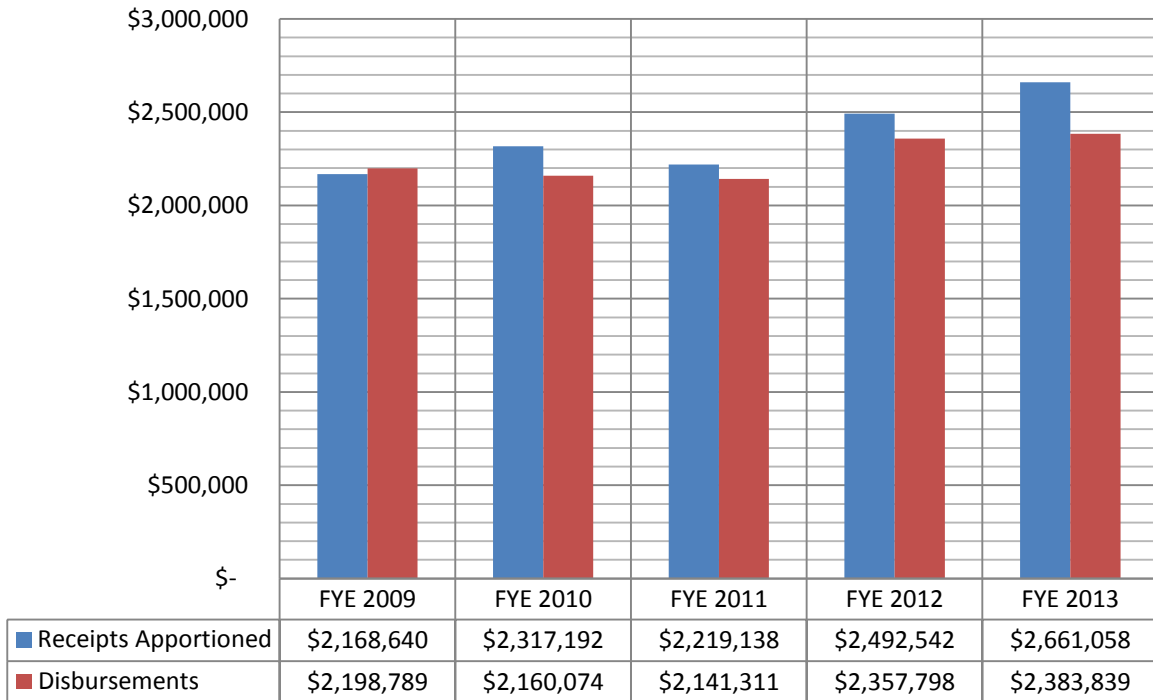


**GARVIN COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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## County General Fund

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

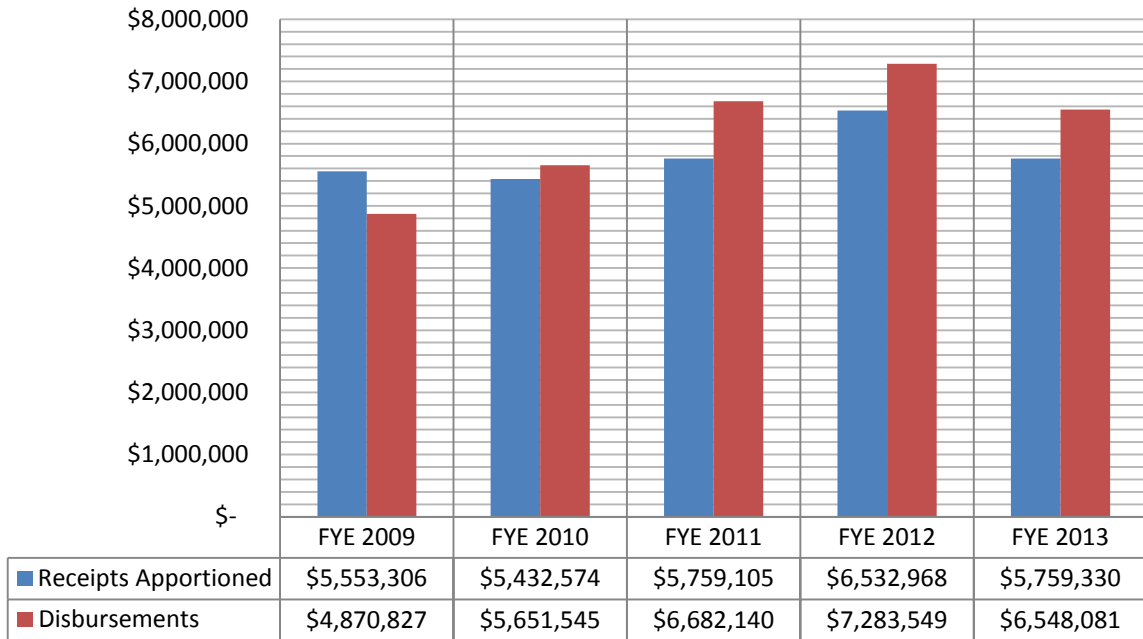


**GARVIN COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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## County Highway Fund

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



**FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405-521.3495 • Fax: 405-521.3426

## Independent Auditor's Report

TO THE OFFICERS OF  
GARVIN COUNTY, OKLAHOMA

### *Report on the Financial Statement*

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

### *Management's Responsibility for the Financial Statement*

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

### *Auditor's Responsibility*

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Matters***

***Other Information***

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

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

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



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, 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 in considering Garvin County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

October 26, 2015

**REGULATORY BASIS FINANCIAL STATEMENT**

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

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|   | Beginning<br>Cash Balances<br>July 1, 2012 | Receipts<br>Apportioned | Transfers<br>In | Transfers<br>Out | Disbursements        | Ending<br>Cash Balances<br>June 30, 2013 |
|---|--|-------------------------|-----------------|------------------|----------------------|--|
| Combining Information:                                |  |                         |                 |                  |                      |  |
| Major Funds:  |  |                         |                 |                  |                      |  |
| County General Fund                                   | \$ 1,062,420                               | \$ 2,661,058            | \$ -            | \$ -             | \$ 2,383,839         | \$ 1,339,639                             |
| County Highway  | 3,106,090                                  | 5,759,330               | -               | -                | 6,548,081            | 2,317,339                                |
| County Health Department                              | 487,583                                    | 500,906                 | -               | -                | 531,139              | 457,350                                  |
| Sheriff Service Fee                                   | 148,567                                    | 574,764                 | -               | -                | 586,388              | 136,943                                  |
| Sales Tax   | 1,011,169                                  | 2,830,986               | -               | -                | 1,339,593            | 2,502,562                                |
| Use Tax   | 297,395                                    | 269,867                 | -               | -                | 59,927               | 507,335                                  |
| 911 Countywide  | 76,605                                     | 289,197                 | -               | -                | 195,110              | 170,692                                  |
| Remaining Aggregate Funds                             | 3,532,445                                  | 871,482                 | 3,716           | -                | 545,199              | 3,862,444                                |
| <b>Combined Total - All County Funds, As Restated</b> | <u>\$ 9,722,274</u>                        | <u>\$ 13,757,590</u>    | <u>\$ 3,716</u> | <u>\$ -</u>      | <u>\$ 12,189,276</u> | <u>\$ 11,294,304</u>                     |

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, 2013**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including 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.

**B. Fund Accounting**

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

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

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

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

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

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

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

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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, county roads and bridges, fire departments, and the Emergency Management Department of Garvin County.

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

911 Countywide – accounts for revenues from various telecommunication companies and disbursements are provided for the operation of the Emergency 911 system.

**C. Basis of Accounting**

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

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

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before 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.

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily

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

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identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

**2. Ad Valorem Tax**

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

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

**3. Other Information**

**A. Pension Plan**

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

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

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writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

**B. Other Post Employment Benefits (OPEB)**

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

**C. Contingent Liabilities**

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

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

**D. Sales Tax**

The voters of Garvin County approved a one-half percent (1/2%) sales tax through a special election on February 13, 2007, that went into effect on July 1, 2007. This sales tax has a limited duration of seven (7) years and terminates on June 30, 2014. This sales tax was established for the purpose of maintaining and operating the Garvin County Courthouse, Sheriff's department, jail, and county roads and bridges. These funds are accounted for in the Sales Tax fund.

The voters of Garvin County approved a one-fourth (1/4%) of one percent of sales tax through an election on March 6, 2012, that went into effect March 6, 2012. This sales tax has an unlimited duration. This sales tax was established for the purpose of maintaining and operating the twelve (12) fire departments of Garvin County and maintaining and operating the Emergency Management Department of Garvin County. These funds are accounted for in the Sales Tax fund.

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

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**E. Interfund Transfer**

During the fiscal year, the County made the following transfer between cash funds.

- \$3,716 was transferred from the Excess Resale Account, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131 (C).

**F. Restatement**

Due to the reclassification of funds for fiscal year ending June 30, 2013, the beginning balance as reported is different than the June 30, 2012 ending balance. The difference is due to three funds being reported as county funds in fiscal year 2012 that should have been classified as trust and agency funds, resulting in a decrease of \$46,925.

|   |                    |
|---|--------------------|
| Prior year ending balance, as reported  | \$9,769,199        |
| Reclassification of the following funds from<br>County funds to Trust and Agency funds: |                    |
| District Attorney Confinement   | (\$10,412)         |
| Court Clerk Supplemental  | (\$34,417)         |
| Estray Cow  | <u>(\$2,096)</u>   |
| Prior year ending balance, as restated  | <u>\$9,722,274</u> |



**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, 2013**

|   | General Fund     |                     |                     |
|---|------------------|---------------------|---------------------|
|   | Budget           | Actual              | Variance            |
| Beginning Cash Balances   | \$ 1,062,420     | \$ 1,062,420        | \$ -                |
| Less: Prior Year Outstanding Warrants   | (90,270)         | (90,270)            | -                   |
| Less: Prior Year Encumbrances   | (82,060)         | (76,660)            | 5,400               |
| Beginning Cash Balances, Budgetary Basis  | <u>890,090</u>   | <u>895,490</u>      | <u>5,400</u>        |
| Receipts:   |                  |                     |                     |
| Ad Valorem Taxes  | 1,751,441        | 1,791,613           | 40,172              |
| Charges for Services  | 182,893          | 186,200             | 3,307               |
| Intergovernmental Revenues  | 379,684          | 539,352             | 159,668             |
| Miscellaneous Revenues  | 91,206           | 143,893             | 52,687              |
| Total Receipts, Budgetary Basis   | <u>2,405,224</u> | <u>2,661,058</u>    | <u>255,834</u>      |
| Expenditures:   |                  |                     |                     |
| District Attorney   | 25,800           | 24,000              | 1,800               |
| County Sheriff  | 474,043          | 473,918             | 125                 |
| County Treasurer  | 203,739          | 197,539             | 6,200               |
| County Commissioners  | 85,696           | 72,310              | 13,386              |
| County Commissioners OSU Extension  | 54,022           | 52,053              | 1,969               |
| County Clerk  | 219,992          | 171,575             | 48,417              |
| Court Clerk   | 170,249          | 166,328             | 3,921               |
| County Assessor   | 160,086          | 147,869             | 12,217              |
| Revaluation of Real Property  | 298,885          | 293,383             | 5,502               |
| General Government  | 641,990          | 295,065             | 346,925             |
| Excise-Equalization Board   | 3,210            | 2,261               | 949                 |
| County Election Board   | 121,904          | 108,187             | 13,717              |
| Insurance Benefits  | 655,391          | 322,270             | 333,121             |
| County Purchasing Agent   | 46,170           | 41,423              | 4,747               |
| Charity   | 12,000           | 1,376               | 10,624              |
| Emergency Management  | 49,170           | 42,155              | 7,015               |
| County Audit Budget Account   | 63,467           | 45,096              | 18,371              |
| Free Fair   | 9,500            | 5,710               | 3,790               |
| Total Expenditures, Budgetary Basis   | <u>3,295,314</u> | <u>2,462,518</u>    | <u>832,796</u>      |
| Excess of Receipts and Beginning Cash<br>Balances Over Expenditures, Budgetary Basis    | <u>\$ -</u>      | 1,094,030           | <u>\$ 1,094,030</u> |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                  |                     |                     |
| Add: Current Year Outstanding Warrants  |                  | 111,937             |                     |
| Add: Current Year Encumbrances  |                  | 133,672             |                     |
| Ending Cash Balance   |                  | <u>\$ 1,339,639</u> |                     |

**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, 2013**

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|   | County Health Department Fund |            |            |
|---|-------------------------------|------------|------------|
|   | Budget                        | Actual     | Variance   |
| Beginning Cash Balances   | \$ 487,583                    | \$ 487,583 | \$ -       |
| Less: Prior Year Outstanding Warrants   | (30,580)                      | (30,580)   | -          |
| Less: Prior Year Encumbrances   | (89,717)                      | (78,004)   | 11,713     |
| Beginning Cash Balances, Budgetary Basis  | 367,286                       | 378,999    | 11,713     |
| Receipts:   |                               |            |            |
| Ad Valorem Taxes  | 438,287                       | 448,339    | 10,052     |
| Charges for Services  | -                             | 6,492      | 6,492      |
| Intergovernmental   | 3,505                         | 280        | (3,225)    |
| Miscellaneous Revenues  | 17,079                        | 45,795     | 28,716     |
| Total Receipts, Budgetary Basis   | 458,871                       | 500,906    | 42,035     |
| Expenditures:   |                               |            |            |
| Health and Welfare  | 826,157                       | 591,976    | 234,181    |
| Total Expenditures, Budgetary Basis   | 826,157                       | 591,976    | 234,181    |
| Excess of Receipts and Beginning Cash<br>Balances Over Expenditures,<br>Budgetary Basis | \$ -                          | 287,929    | \$ 287,929 |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                               |            |            |
| Add: Current Year Encumbrances  |                               | 130,327    |            |
| Add: Current Year Outstanding Warrants  |                               | 39,094     |            |
| Ending Cash Balance   |                               | \$ 457,350 |            |

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

|   | Beginning<br>Cash Balances<br>July 1, 2012 | Receipts<br>Apportioned | Transfers<br>In | Transfers<br>Out | Disbursements     | Ending<br>Cash Balances<br>June 30, 2013 |
|---|--|-------------------------|-----------------|------------------|-------------------|--|
| Remaining Aggregate Funds:                        |  |                         |                 |                  |                   |  |
| RT-105  | \$ 2,078,451                               | \$ 462,957              | \$ -            | \$ -             | \$ 121,961        | \$ 2,419,447                             |
| Resale Property                                   | 255,270                                    | 143,353                 | 3,716           | -                | 70,985            | 331,354                                  |
| County Clerk Lien Fee                             | 231,501                                    | 106,505                 | -               | -                | 57,163            | 280,843                                  |
| Treasurer Mortgage Tax Certification Fee          | 92,995                                     | 4,490                   | -               | -                | 1,195             | 96,290                                   |
| Community Service Sentencing Program              | 1,302                                      | -                       | -               | -                | -                 | 1,302                                    |
| GOLTB 96  | 362,804                                    | 1,876                   | -               | -                | -                 | 364,680                                  |
| GOLTB 97  | 693  | -                       | -               | -                | -                 | 693                                      |
| County Assessor Revolving Fund                    | 33,493                                     | 6,601                   | -               | -                | 8,030             | 32,064                                   |
| Sheriff Training                                  | 2,825                                      | 4,742                   | -               | -                | 4,509             | 3,058                                    |
| Sheriff Drug Task Enforcement                     | 1,212                                      | -                       | -               | -                | 300               | 912                                      |
| County Assessor Hardware                          | 160  | -                       | -               | -                | -                 | 160                                      |
| Sheriff Drug Task Force                           | 75   | -                       | -               | -                | -                 | 75                                       |
| Hazard Mitigation Grant                           | 2,785                                      | -                       | -               | -                | -                 | 2,785                                    |
| County Sinking                                    | 39,489                                     | 1,163                   | -               | -                | -                 | 40,652                                   |
| Fair Barn   | 10,736                                     | 3,100                   | -               | -                | 7,589             | 6,247                                    |
| Civil Defense                                     | 19   | -                       | -               | -                | -                 | 19                                       |
| 911 Wireless                                      | 394,882                                    | 130,420                 | -               | -                | 272,488           | 252,814                                  |
| Emergency Manager                                 | 2,347                                      | 6,000                   | -               | -                | 935               | 7,412                                    |
| RT-103  | 16,948                                     | 120                     | -               | -                | -                 | 17,068                                   |
| County Health Department Grant                    | 4,358                                      | -                       | -               | -                | 44                | 4,314                                    |
| Reward Fund                                       | 100  | 155                     | -               | -                | -                 | 255                                      |
| <b>Combined Total - Remaining Aggregate Funds</b> | <u>\$ 3,532,445</u>                        | <u>\$ 871,482</u>       | <u>\$ 3,716</u> | <u>\$ -</u>      | <u>\$ 545,199</u> | <u>\$ 3,862,444</u>                      |

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

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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. Remaining County Funds**

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

RT-105 – accounts for monies collected from the Oklahoma Department of Transportation and disbursements are restricted for road and bridge projects.

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

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

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

Community Service Sentencing Program – accounts for the collection of funding through the Oklahoma 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.

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

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County Assessor Revolving Fund – accounts for the collection of fees for copies and disbursed as restricted by state statute.

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

Sheriff Drug Task 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.

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

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 derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments; there is currently no long-term debt.

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

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

911 Wireless – accounts for monies received from the wireless telephone companies for operation of the Emergency 911 system.

Emergency Manager – accounts for monies collected from SLA grants and disbursed for operations of the command center for the emergency manager.

RT-103 – accounts for monies collected from Oklahoma Department of Transportation and disbursements are restricted for bridge projects.

County Health Department Grant – accounts for monies received for a NACHO grant and disbursed for Medical Reserve Core.

Reward Fund – accounts for monies collected from fines for dumping/littering and disbursed for “No Dumping” signs.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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

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

TO THE OFFICERS OF  
GARVIN COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garvin County, Oklahoma, as of and for the year ended June 30, 2013, which comprises Garvin County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 26, 2015.

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

### **Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

We noted certain matters regarding statutory compliance that we reported to the management of Garvin County, which are included in Section 2 of the schedule of findings and responses contained in this report.

## **Garvin County's Responses to Findings**

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

## **Purpose of this Report**

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

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



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

October 26, 2015

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

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

**Finding 2013-1 – Inadequate County-Wide Controls - Risk Assessment and Monitoring (Repeat Finding)**

**Condition:** County-wide controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address risks of the County.

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

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design and implement policies and procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**BOCC Chairman, County Clerk, and County Treasurer:** We will set up quarterly meetings, during the County Commissioners' meeting, with all elected officials to discuss and take action regarding risk management and monitoring.

**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 met. 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 Risk Assessment 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,

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

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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.

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

**Condition:** We noted the following weaknesses regarding the disbursement process:

Duties regarding the disbursements process are not adequately segregated.

- The Purchasing Agent encumbers the funds, issues the purchase order, reviews the supporting documentation for accuracy and completion, makes any needed adjustments, prints warrants, and mails the signed warrants to the vendors.
- The duties of processing payroll are not adequately segregated. The County Clerk/Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports.

While testing fifty-one purchase orders, we noted the following:

- One purchase order did not have a receiving report attached.
- One purchase order was not timely encumbered.

**Cause of Condition:** Policies and procedures have not been designed and implemented to adequately segregate key accounting functions regarding the disbursement process to ensure compliance with purchasing statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. 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 approve accounting functions.

Additionally, OSAI recommends that the County adhere to state purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered, receiving reports should be completed, authorized, and attached to the purchase order, and invoices should agree to amount disbursed.

**Management Response:**

**Chairman of the Board:** The Board of County Commissioners will express to fellow County Officials the importance of county funds being encumbered prior to the receipt of goods and/or services and that invoices and receiving reports are to be attached to purchase orders to support disbursements in accordance with Oklahoma Statutes.

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

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**County Clerk:** Management is aware of this condition and will work to implement compensating controls to mitigate the risks involved with a concentration of duties.

Purchase orders that are not timely encumbered are marked by the Purchasing Agent with a red stamp stating the day the purchase order was encumbered, the day of the invoice, and the date on the receiving report. The County Clerk's office repeatedly advises requisitioning officers of the need to have purchase orders timely encumbered.

All purchase orders, excluding payroll and travel claims, will have a signed receiving report attached.

The key payroll processes will be separated where possible. All reviews will be documented and dated.

**Criteria:** Title 19 O.S. § 1505 prescribes the procedures established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, material, and equipment for maintenance, operation, and capital expenditures of county government.

Further, good internal controls would include segregating the duties of the disbursements process and requiring all supporting documentation related to disbursements be attached to the purchase order prior to approval for payment.

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

**SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2013-8 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund**

**Condition:** An examination of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- A ledger of the Inmate Trust Fund Checking Account with each inmate's balance is not kept by the County Sheriff's office.
- A variance of \$3,110.24 was noted on the banks to books reconciliation prepared by the County Sheriff's office for the month of June 30, 2013.
- One employee performs all of the daily activity in the Inmate Trust Fund Checking Account such as issuing receipts, balancing the cash drawer, preparing deposit slips, taking deposits to the bank and

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

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posting payments to inmate records. This employee is also responsible for emptying the kiosk machine on a weekly basis and making that deposit.

- Inmate Trust Fund Checking Account receipts are not deposited daily.
- Receipts numbers are voided and re-issued with the same receipt number.
- One receipt was voided (#3013-00001723), however a copy of the original receipt was not attached.
- One deposit (dated June 25, 2013) was missing the cash drawer change receipt ticket for the kiosk machine.
- Expenditures were made for purposes other than those allowed by state statutes.
- The County Sheriff's office does not file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15<sup>th</sup>, of each year.

**Cause of Condition:** Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

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

**Recommendation:** OSAI recommends the following:

- 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.
- The County Sheriff should file a report of the commissary with the County Commissioners by January 15<sup>th</sup>, of each year.
- Expenditures should be made from the Sheriff Commissary Fund in accordance with 19 O.S. § 180.43(E) and (D) and 19 O.S. § 531(A).

**Management Response:**

**County Sheriff:**

1. The Garvin County Sheriff's Office will assure the segregation among different individuals in the handling of funds for the Inmate Trust Fund Checking Account and Sheriff Commissary Fund. This will be accomplished by having a separation of individuals counting the funds, receipting the funds, and depositing the funds.
2. All expenditures from the Inmate Trust Fund Checking Account and Sheriff Commissary Fund will be made in accordance with 19 O.S. § 180.43.
3. All collections will be deposited daily.
4. The Inmate Trust Fund Checking Account shall be maintained in a manner that reflects all Inmate Trust Fund Checking Account deposits, disbursements, and account balances. The inmate account balances will be reconciled to the bank statement each month.
5. The Sheriff will file with the Board of County Commissioners an annual report on the Sheriff's Commissary by January 15<sup>th</sup>, of each year.

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

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**Criteria:** The overall goal of effective internal controls is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, no one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions. All collections should be receipted in sequential order and deposited daily, two authorized signatures should be required on all Inmate Trust Fund Checking Account checks, bank reconciliations should be performed each month, and contracts should be approved by the Board of County Commissioners, contain all pertinent information, and be on file with the County.

Title 19 O.S. § 180.43(E) and (D) states in part, “Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel, or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The Sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Title 19 O.S. § 531(A) states in part, “The county sheriff may establish a checking account, to be designated the “Inmate Trust Fund Checking Account.” The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

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