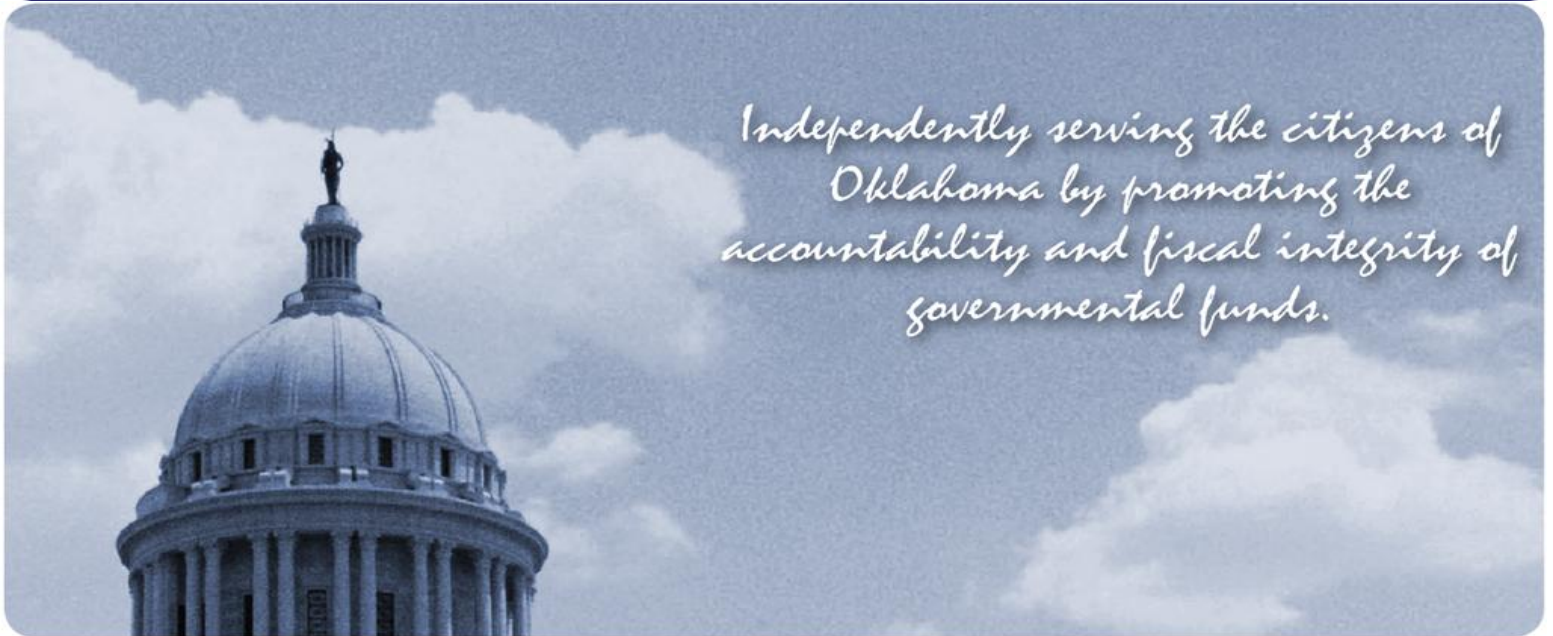


OPERATIONAL AUDIT

# GARVIN COUNTY

For the fiscal year ended June 30, 2015



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

**GARVIN COUNTY OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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 Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



# Oklahoma State Auditor & Inspector

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

September 27, 2016

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

Transmitted herewith is the audit report of Garvin County for the fiscal year ended June 30, 2015.

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**REPORT ON STATUTORY COMPLIANCE - OTHER MATTERS**

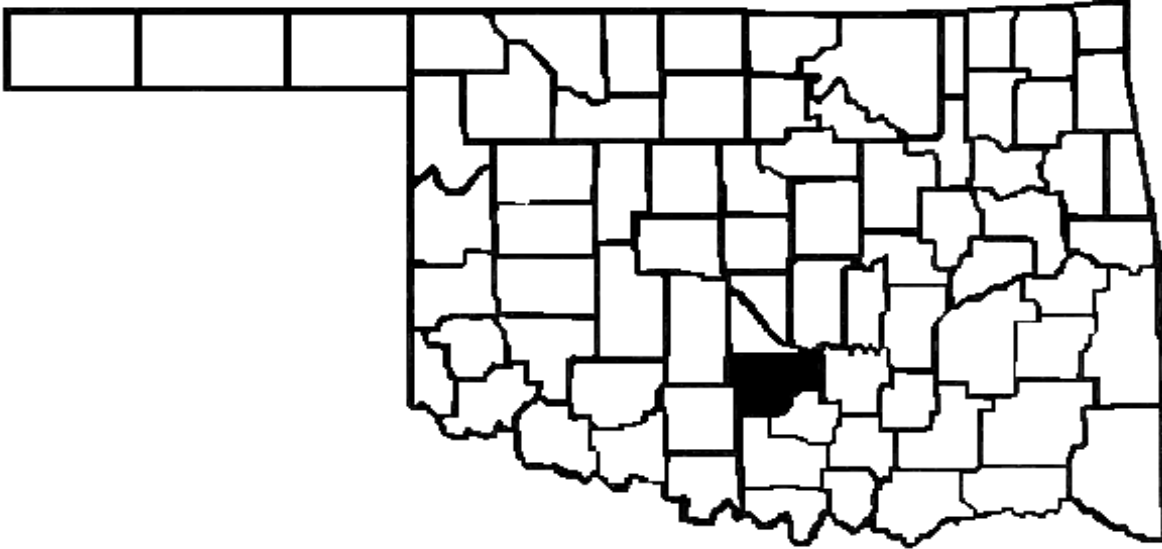
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**PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**GARVIN COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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 405/238-2845 or the Chamber of Commerce at 405/238-6491.

County Seat – Pauls Valley

Area – 813.66 Square Miles

County Population – 27,561  
(2014 est.)

Farms – 1498

Land in Farms – 463,183 Acres

Primary Source: Oklahoma Almanac 2015-2016

**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**

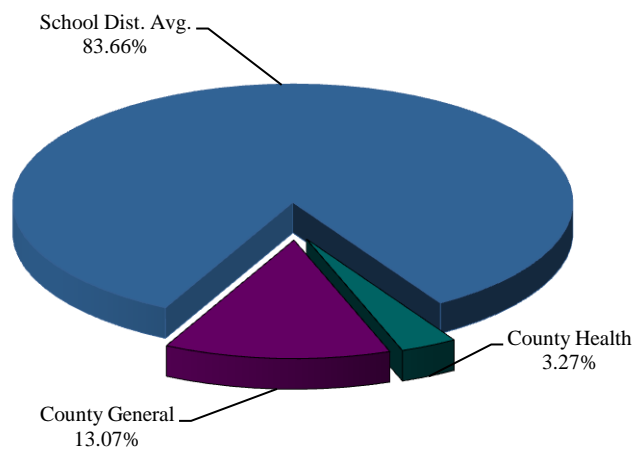
Cindy Roberts

**District Attorney**

Greg Mashburn

**GARVIN COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech.	Common	Total
County General	10.27								
County Health	2.57	Stratford	I-2	36.51	5.22	23.34	11.25	4.11	80.43
		Paoli	I-5	35.96	5.14	11.33	11.25	4.11	67.79
		Maysville	I-7	35.99	5.14	10.92	11.25	4.11	67.41
		Lindsay	I-9	35.92	5.13	13.25	11.25	4.11	69.66
		Pauls Valley	I-18	35.58	5.08	15.73	11.25	4.11	71.75
Pauls Valley Ambulance (City)	3.06	Wynnewood	I-38	35.96	5.14	2.62	11.25	4.11	59.08
Wynnewood EMS (SD)	3.08	Elmore/Pernell	I-72	36.32	5.19	4.39	11.25	4.11	61.26
		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-Doyle	Jl-42	35.41	5.06	2.84	12.14	4.11	59.56
		Wayne	Jl-10M	36.71	5.24	9.18	15.06	4.11	70.30
		Alex	Jl-56G	35.00	5.00	7.17	15.84	4.11	67.12



**GARVIN COUNTY, OKLAHOMA  
SALES TAX DISTRIBUTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## **Sales Tax**

### **Sales Tax of February 13, 2007**

The voters of Garvin County approved a one-half percent (1/2%) sales tax through an election on March 4, 2014, that went into effect on July 1, 2014. This sales tax has a limited duration of seven (7) years and terminates on June 30, 2021. 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.

### **Sales Tax of March 6, 2012**

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.

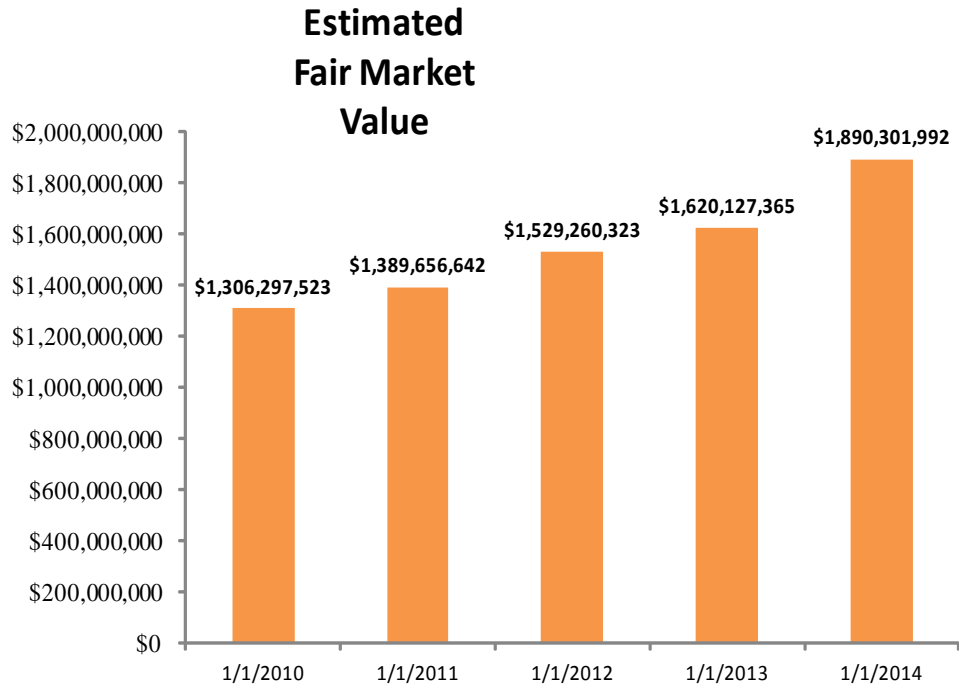
### **Sales Tax Collections**

<b>Revenue Use</b>	<b>Total Collections</b>
Garvin County Sheriff's Department	\$688,660
Garvin County Courthouse	\$1,229,664
Emergency Management	\$55,094
Elmore City VFD	\$110,185
Hennepin VFD	\$110,185
Katie VFD	\$110,185
Lindsay Fire Department	\$110,185
Maysville VFD	\$110,185
Paoli VFD	\$110,185
Pauls Valley Fire Department	\$110,185
Pernell VFD	\$110,185
Rush Creek VFD	\$110,185
Stratford VFD	\$110,185
Walker VFD	\$110,185
Wynnewood VFD	\$110,185
District 1	\$229,553
District 2	\$229,553
District 3	\$229,553
911	\$147,656

During the fiscal year the County collected \$4,131,953 in total sales tax.

**GARVIN COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
TREND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
* 1/1/2014	\$114,363,999	\$31,874,944	\$95,085,907	\$7,550,657	\$233,774,193	\$1,890,301,992
* 1/1/2013	\$95,439,686	\$26,991,884	\$84,252,752	\$7,647,209	\$199,037,113	\$1,620,127,365
* 1/1/2012	\$79,322,034	\$26,526,430	\$89,720,243	\$7,683,684	\$187,885,023	\$1,529,260,323
* 1/1/2011	\$65,767,573	\$24,717,231	\$87,509,098	\$7,692,155	\$170,301,747	\$1,389,656,642
* 1/1/2010	\$59,824,024	\$20,871,218	\$85,547,378	\$7,650,692	\$158,591,928	\$1,306,297,523



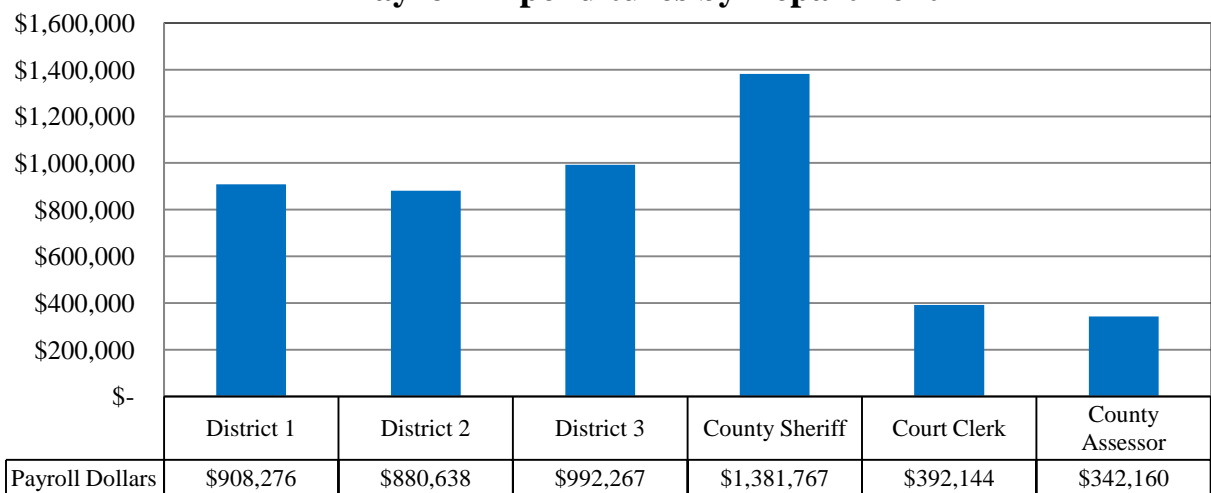
\* The valuations were corrected from prior year report based on changes and corrections made based on the correct Assessor's Report to the Excise Board.

**GARVIN COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

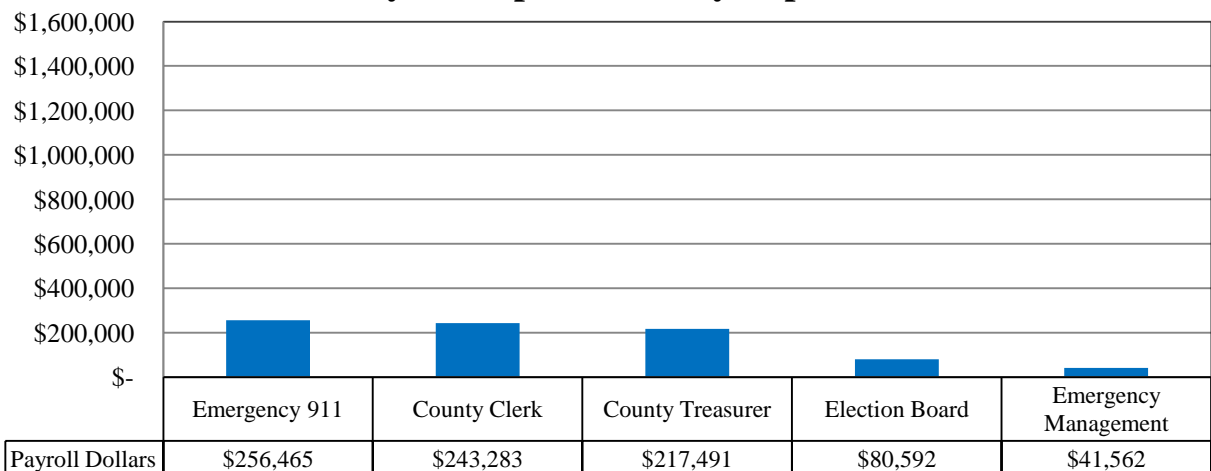
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County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county 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, 2015.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

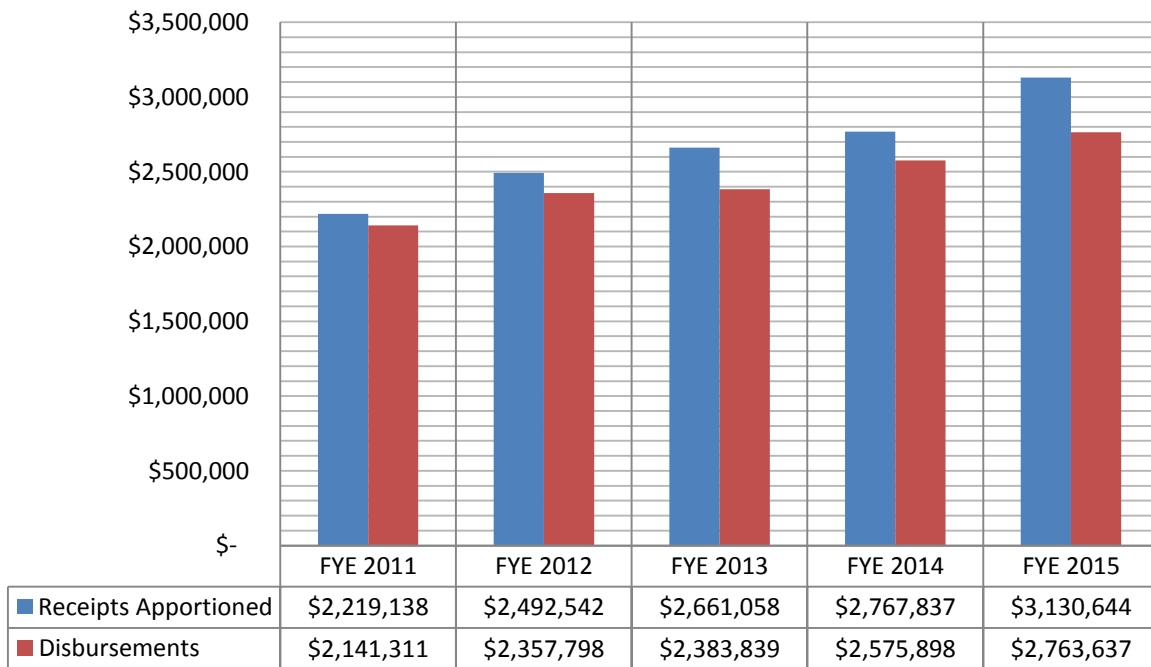


**GARVIN COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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.

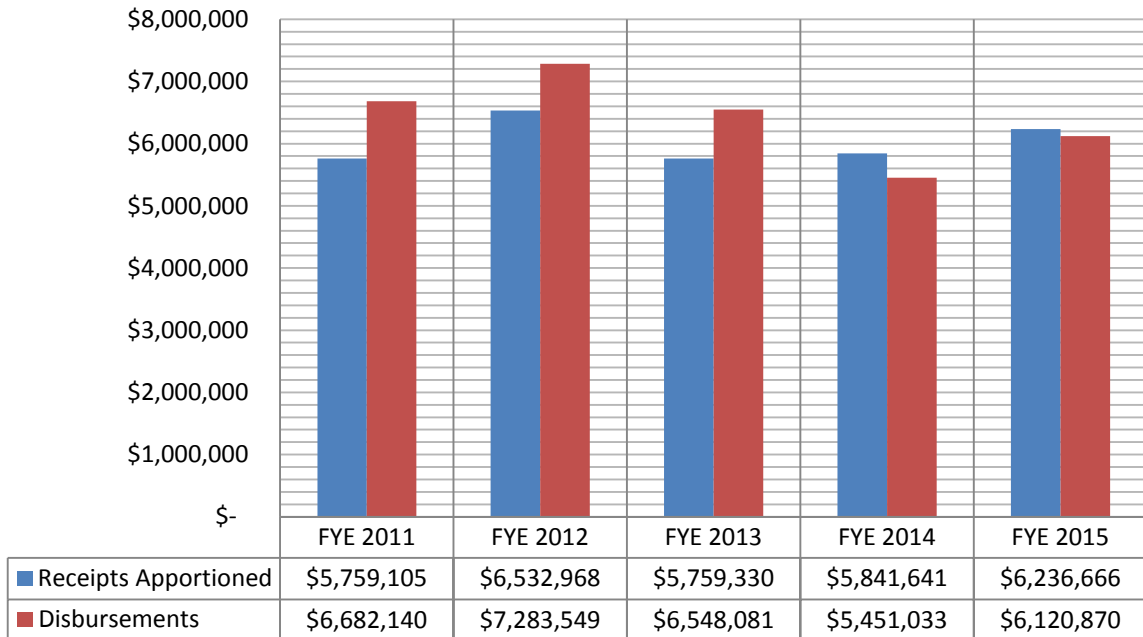


**GARVIN COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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.



**GARVIN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for Fiscal Year Ending June 30, 2015**

	Beginning Cash Balances July 1, 2014	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2015
Combining Information:						
County Funds:						
County General Fund	\$ 1,531,578	\$ 3,130,644	\$ -	\$ -	\$ 2,763,637	\$ 1,898,585
County Highway	2,707,947	6,236,666	-	-	6,120,870	2,823,743
RT-105	2,457,537	475,257	-	-	554,340	2,378,454
County Health Department	343,871	598,494	-	-	497,139	445,226
Resale Property	405,493	116,896	26	-	75,238	447,177
County Clerk Lien Fee	369,640	162,244	-	-	107,643	424,241
Sheriff Service Fee	151,355	465,930	-	-	539,187	78,098
Treasurer Mortgage Tax Certification Fee	99,393	4,115	-	-	1,377	102,131
Community Service Sentencing Program	1,302	-	-	-	-	1,302
GOLTB 96	366,020	1,260	-	-	-	367,280
GOLTB 97	693	-	-	-	-	693
County Assessor Revolving Fund	27,089	8,129	-	-	12,011	23,207
Sheriff Training	1,210	1,559	-	-	792	1,977
Sheriff Drug Enforcement	751	985	-	-	400	1,336
County Assessor Hardware	160	-	-	-	-	160
Sheriff Drug Task Force	75	-	-	-	-	75
Hazard Mitigation Grant	2,785	-	-	-	-	2,785
CDBG-B Architect	-	15,106	-	-	15,106	-
County Sinking	41,431	760	-	-	-	42,191
Fair Barn	7,229	1,250	-	-	4,566	3,913
Civil Defense	19	-	-	-	-	19
911 County-Wide	289,276	252,175	-	-	392,324	149,127
911 Wireless	22,422	138,275	-	-	3,992	156,705
Sales Tax	3,766,628	4,236,076	-	-	2,192,746	5,809,958
Use Tax	755,983	649,698	-	-	38,550	1,367,131
Emergency Manager	3,502	1,000	-	-	1,115	3,387
RT-103	17,177	111	-	-	-	17,288
County Health Department Grant	7,061	-	-	-	302	6,759
Reward Fund	355	45	-	-	-	400
<b>Combined Total - All County Funds</b>	<b>\$ 13,377,982</b>	<b>\$ 16,496,675</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 13,321,335</b>	<b>\$ 16,553,348</b>

Source: County Treasurer's Monthly Reports (presented for informational purposes)

**GARVIN COUNTY  
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR JUNE 30, 2015**

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**Description of County Funds**

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 within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

County General Fund – accounts for revenues are 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.

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

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.

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

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

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.

Treasurer Mortgage Tax Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates and disbursement of the funds as restricted by state 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**  
**DESCRIPTION OF COUNTY FUNDS AND TRANSFERS**  
**OPERATIONAL AUDIT**  
**FOR THE FISCAL YEAR JUNE 30, 2015**

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

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.

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 Commerce Department and disbursed as restricted by state statute.

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

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

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, 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 are for the general operation of the County.



**GARVIN COUNTY**  
**DESCRIPTION OF COUNTY FUNDS AND TRANSFERS**  
**OPERATIONAL AUDIT**  
**FOR THE FISCAL YEAR JUNE 30, 2015**

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Emergency Manager – accounts for monies collected from state 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 state grant and disbursed for Medical Reserve Core.

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

**Interfund Transfers**

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

- \$26 was transferred from the Excess Resale Fund (a trust and agency fund) into the Resale Property fund in accordance with 68 O.S. § 3131(C).

**GARVIN COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,531,578	\$ 1,531,578	\$ -
Less: Prior Year Outstanding Warrants	(115,835)	(115,835)	-
Less: Prior Year Encumbrances	(126,841)	(40,750)	86,091
Beginning Cash Balances, Budgetary Basis	<u>1,288,902</u>	<u>1,374,993</u>	<u>86,091</u>
Receipts:			
Ad Valorem Taxes	2,182,601	2,230,715	48,114
Charges for Services	171,285	165,545	(5,740)
Intergovernmental Revenues	455,415	441,804	(13,611)
Miscellaneous Revenues	<u>23,519</u>	<u>292,580</u>	<u>269,061</u>
Total Receipts, Budgetary Basis	<u>2,832,820</u>	<u>3,130,644</u>	<u>297,824</u>
Expenditures:			
District Attorney - County	25,800	24,000	1,800
County Sheriff	640,746	638,698	2,048
County Treasurer	250,056	208,683	41,373
County Commissioners	164,463	125,654	38,809
County Commissioners OSU Extension	64,673	64,523	150
County Clerk	231,176	199,456	31,720
Court Clerk	178,982	176,658	2,324
County Assessor	197,750	193,981	3,769
Revaluation of Real Property	348,669	293,881	54,788
General Government	669,993	236,053	433,940
Excise-Equalization Board	4,500	2,315	2,185
County Election Board	112,508	89,314	23,194
Insurance-Benefits	947,264	404,160	543,104
County Purchasing Agent	58,754	41,118	17,636
Charity	12,000	600	11,400
Emergency Management	51,754	39,170	12,584
County Audit Budget Account	57,634	43,653	13,981
Free Fair Budget Account	<u>105,000</u>	<u>102,896</u>	<u>2,104</u>
Total Expenditures, Budgetary Basis	<u>4,121,722</u>	<u>2,884,813</u>	<u>1,236,909</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	1,620,824	<u>\$ 1,620,824</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		137,699	
Add: Current Year Encumbrances		<u>140,062</u>	
Ending Cash Balance		<u>\$ 1,898,585</u>	

*Source: County Estimate of Needs (presented for informational purposes)*

**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, 2015**

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 343,870	\$ 343,871	\$ 1
Less: Prior Year Outstanding Warrants	(658)	(658)	-
Less: Prior Year Encumbrances	(8,904)	(4,774)	4,130
Beginning Cash Balances, Budgetary Basis	334,308	338,439	4,131
Receipts:			
Ad Valorem Taxes	546,182	558,222	12,040
Charges for Services	2,033	2,033	-
Miscellaneous Revenues	-	38,239	38,239
Total Receipts, Budgetary Basis	548,215	598,494	50,279
Expenditures:			
County Health Budget Account	882,523	583,020	299,503
Total Expenditures, Budgetary Basis	882,523	583,020	299,503
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	353,913	\$ 353,913
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		55,113	
Add: Current Year Outstanding Warrants		36,200	
Ending Cash Balance		\$ 445,226	

*Source: County Estimate of Needs (presented for informational purposes)*

**GARVIN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**PURPOSE, SCOPE, AND SAMPLE METHODOLOGY**

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2015. Our audit procedures included:

- Inquiries of appropriate personnel,
- Inspections of documents and records,
- Observations of the County's operations,
- Reconciling total apportionments, disbursements, and balances presented on the County's Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the fiscal year to the County Treasurer's and County Clerk's financial ledgers,
- Confirming third party confirmations to the financial ledgers,
- Selecting representative samples to determine disbursements were made in accordance with state statutes, approved ballots, and county purchasing procedures, and
- Gaining an understanding of the County's internal controls as it relates to each audit objective.

To ensure the samples were representative of the population and provided sufficient, appropriate evidence, both random sample and judgmental sample methodologies were used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

This report is 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.

**GARVIN COUNTY  
OPERATIONAL AUDIT  
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**Objective 1:** To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2015.

**Conclusion:** With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports

**Objective 2:** To determine the County's financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

**Conclusion:** With respect to the items tested, the County complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

**Objective 3:** To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

**Conclusion:** With respect to the items tested, the County complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

**Objective 4:** To determine whether the County's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations complied with significant laws and regulations.

**Conclusion:** The County's internal controls provide reasonable assurance that expenditures, including payroll, were accurately reported in the accounting records and financial operations complied with significant laws and regulations.

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**All Objectives:**

The following findings are not specific to any objective, but are considered significant to all of the audit objectives.

**Finding 2015-01 – 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:** These conditions 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:**

**Board of County Commissioners Chairman, County Clerk, and County Treasurer:** We will set up quarterly meetings 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.

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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.

**Finding 2015-2 – Inadequate Internal Controls Over Information Technology – County Clerk and County Treasurer (Repeat Finding)**

**Condition:** Upon review of the computer systems within the County Clerk’s office and County Treasurer’s office, it was noted that there does not appear to be adequate internal controls in place to safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition has been sanitized to protect the County Pursuant to the provision of 51 O.S. § 24A.28.

**Cause of Condition:** Policies and procedures have not been designed and implemented to prevent unauthorized access to data.

**Effect of Condition:** This condition could result in compromised security for computers, computer programs, and data.

**Recommendation:** OSAI recommends the County comply with best practices presented in the criteria. The specifics of the recommendation has been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

**Management Response:**

**County Clerk:** The County Clerk’s office will implement the necessary controls.

**County Treasurer:** The County Clerk’s office will contact the software vendor and implement the necessary controls.

**Criteria:** According to the standards of the Information Systems Audit and Control Association (CobiT, Deliver 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.

**REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS**





# Oklahoma State Auditor & Inspector

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Garvin County  
Board of County Commissioners  
Garvin County Courthouse  
Pauls Valley, Oklahoma 73075

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2015:

- All County Offices - Fixed Assets procedures (19 O.S. § 178.1 and 69 O.S. § 645).
- All County Offices - Consumable Inventories procedures (19 O.S. § 1502 and 19 O.S. § 1504).
- Court Clerk procedures (20 O.S. § 1304 and 19 O.S. § 220).
- Inmate Trust Fund procedures (19 O.S. § 531 and 19 O.S. § 180.43).

Our statutory compliance engagement was limited to the procedures related to the statutes above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Garvin County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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

September 27, 2016

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-5 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**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.
- 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 posting payments to inmate records. This employee is also responsible for emptying the kiosk machine on a weekly basis and making that deposit.
- The County Sheriff's office does not file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15th, 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:

- The County Sheriff should maintain a ledger listing each inmate's commissary balance; the ledger should be reconciled monthly with the Inmate Trust Fund Checking Account bank statement.
- 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 15th, of each year.

**Management Response:**

**County Sheriff:**

1. The Garvin County Sheriff's Office maintains a monthly commissary bank statement report, however, has failed to submit an annual commissary report as required by state statute. The Garvin County Sheriff's Office will assure that a report to the Board of County Commissioners is completed as required by the 15<sup>th</sup> of January for each calendar year.
2. In the future, the Garvin County Sheriff's Office will assure segregation by requiring individuals to indicate in writing that more than one individual counted the funds, receipted the funds and

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deposited the funds. This action will eliminate any appearance that only one person handles funds, conducts transactions, and maintains custody of records.

3. The Garvin County Sheriff's Office will begin to maintain a ledger listing each inmate's commissary balance which will be reconciled with the monthly bank statement for the inmate commissary checking account.

**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

Further, Title 19 O.S. § 180.43(D) requires that the sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.

**Finding 2015-6 – Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories**

**Condition:** Upon inquiry and observation of fixed assets, OSAI noted:

- The following fixed asset items did not have an identification number attached:

<u>Office</u>	<u>Inventory Item</u>
District 2	2 - Used File Cabinet
District 2	Used Office Desk
District 2	2 Drawer File Cabinet
District 2	2007 Swenson Sand Spreader
District 2	2 - 2010 Sthil Pole Chain Saw
Court Clerk	Credenza
Court Clerk	78" x 30" Table
Assessor	Map Storage Cabinet
Assessor	Computer Server
Assessor	2005 Chevrolet Pickup
Assessor	Konica Minolta Bizhub 350
Commissioner/Courthouse	Galbreath Trash Compactor
District 3	Port-A-Cool

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- The following fixed asset items were not properly marked as “Property of Garvin County:”

<u>Office</u>	<u>Inventory Item</u>
District 1	78” Vibratory Packer
District 1	Road Groomer
District 2	2004 Dodge Pickup
District 2	2003 Chevrolet Pickup
District 2	2001 John Deere Tractor w/Mower
District 2	Hyster Grid Roller
District 2	Sheepfoot Packer
District 2	1980 W.E. Grove Sheepfoot Packer
District 2	1991 Bomag Roller Packer
District 2	2000 Bomag Recycler/Pulverizer
District 2	2007 Bomag Vibrator
District 2	2001 John Deere Backhoe 310 SG
District 2	2003 John Deere Backhoe 310 SG
District 2	1984 Water Tanker
District 2	2002 John Deere 709 Rotary Brush Hog

- The following fixed asset items could not be located:

<u>Office</u>	<u>Inventory Item</u>
District 2	2003 Athlon Computer/Monitor
District 2	2003 HP 17” Monitor
District 2	Dayton 150,000 BTU Heater
Court Clerk	Minolta Copier

Upon inquiry and observation of consumable inventory items, we noted the following variances when comparing items on hand to inventory records:

<b>District Office</b>	<b>Description</b>	<b>Amount on Inventory</b>	<b>Amount Visually Verified</b>	<b>Variance</b>
1	Signs: Men & Equipment on Roadway	12	11	(1)
2	Signs: E911	14	20	6
2	Signs: School Bus Stop Ahead	3	10	7
2	Signs: Arrow (L or R)	10	9	(1)
2	Signs: 25 MPH	12	11	(1)
2	Signs: Reflective Button (Amber)	92	91	(1)
2	Signs: Reflective Button (Red)	187	174	(13)
2	Signs: Reflective Button (White)	79	66	(13)
2	Signs: Reflector Poles	48	36	(12)

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<b>District Office</b>	<b>Description</b>	<b>Amount on Inventory</b>	<b>Amount Visually Verified</b>	<b>Variance</b>
2	8" Grader Blades	0	14	14
2	Serrated Grader Blades	0	4	4
2	8" Groomer Blades	0	79	79
2	Road Sweeper Brushes & Rings	0	1 set	1 set
2	Steel: 2 7/8" Steel Pipe	1,099.17 feet	1,017.45 feet	(82) feet
2	8" Steel Pipe	85 feet	179 feet	94 feet
2	12" Steel Pipe	111.25	124.75 feet	14 feet
2	24" Steel pipe	227.50 feet	248.50 feet	21 feet
2	26" Steel Pipe	8 feet	37.9 feet	30 feet
2	Used Guard Rail	433 feet	913 feet	480 feet
2	8" Tinhorn (Metal)	0	50 feet	50 feet
2	10" Tinhorn (Plastic)	140 feet	80 feet	(60) feet
2	12" Tinhorn (Plastic)	120 feet	110 feet	(10) feet
2	15" Tinhorn	16 feet	30 feet	14 feet
2	36" Tinhorn (Metal)	0	36 feet	36 feet
2	60" Tinhorn	0	20 feet	20 feet
2	15" Tinhorn Band	0	1	1
2	24" Tinhorn Band	0	1	1
2	30" Tinhorn Band	0	1	1
2	36" Tinhorn Band	0	1	1
2	48" Tinhorn Band	0	1	1
2	96" Tinhorn Band	0	1	1
2	Interlocking Sheet Piling	1,296.92 feet	1,225 feet	(72) feet
3	18" CGSP	305 feet	302 feet	(3) feet
3	60" CGSP	22 feet	26 feet	4 feet

A physical measurement of fuel on hand was performed and reconciled to the fuel logs at the District barns; the following exceptions were noted:

- District 1: Fuel usage is monitored, but no reconciliation is performed. Our reconciliation of the fuel showed a variance of 67.20 gallons in gasoline and 1,782.30 gallons in diesel.
- District 2: Fuel usage is monitored and reconciled each week. However, our reconciliation showed a variance of 27.55 gallons in gasoline and 23.55 gallons in diesel.
- District 3: Fuel usage is monitored, but no reconciliation is performed. Our reconciliation of the fuel showed a variance of 474.00 gallons in gasoline and 327.00 gallons in diesel.

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**Cause of Condition:** Policies and procedures have not been adequately designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets and consumable inventory items, as well as adequate procedures to ensure equipment is properly identified in accordance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets and consumable inventory.

**Recommendation:** OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 178.1, 19 O.S. § 1502(A)(1), 19 O.S. § 1502(B)(1), 19 O.S. § 1504, and 69 O.S. § 645 by maintaining inventory records and marking assets with county identification numbers and “Property of Garvin County.” OSAI also recommends that each District perform and document a periodic inventory of fixed assets. Additionally, the key functions of receiving duties and inventory control duties should be performed by separate employees in order to effectively segregate those duties.

OSAI further recommends the performing and documenting of a monthly consumable inventory count. Inventory counts should be initialed and dated by the employee performing the physical count and retained to show the design and implementation of internal controls by the County Commissioners.

**Management Response:**

**County Commissioner District 1:** We will work to implement a system of internal controls to ensure fixed assets are properly identified, consumable items are accounted for on the consumable inventory list, and a weekly reconciliation of fuel usage is performed.

**County Commissioner District 2:** We will work to implement a system of internal controls to ensure fixed assets are properly identified, and consumable items are accounted for on the consumable inventory list. Conditions that were noted are in the process of being corrected.

**County Commissioner District 3:** We will work to implement a system of internal controls to ensure consumable items are accounted for on the consumable inventory list, as well as performing a weekly reconciliation of fuel usage.

**County Assessor:** The County Assessor will work to implement a system of internal controls to ensure fixed assets are properly identified.

**Court Clerk:** The Court Clerk will work to implement a system of internal controls to ensure fixed assets are properly identified.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

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Title 19 O.S. § 178.1 requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment.

Title 19 O.S. § 1502(A)(1) requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

Title 19 O.S. § 1502(B)(1) requires a prescribed uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance for roads and bridges.

Title 19 O.S. § 1504 requires the receiving officer to maintain a record of all items received, disbursed, stored and consumed by the department.

Title 69 O.S. § 645 requires all county owned, rented, or leased road machinery or equipment be clearly and visibly marked "Property Of."



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