

**GARVIN COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$110.95. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

September 23, 2004

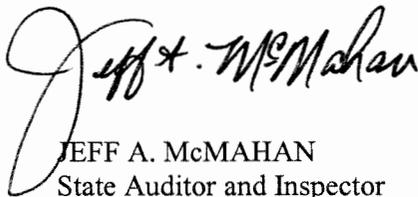
TO THE CITIZENS OF
GARVIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garvin County, Oklahoma, for the fiscal year ended June 30, 2003. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,


JEFF A. McMAHAN
State Auditor and Inspector

**GARVIN COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Garvin County	iii
County Officials and Responsibilities	iv
Ad Valorem Tax Distribution.....	ix

FINANCIAL SECTION

Report of State Auditor and Inspector.....	1
Special-Purpose Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds.....	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - County Health Department	6
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Sinking Fund	7
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts	8
Notes to the Financial Statements.....	9

SUPPLEMENTARY SCHEDULE

Schedule of Expenditures of Federal Awards	21
Notes to the Schedule of Expenditures of Federal Awards.....	22

**GARVIN COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

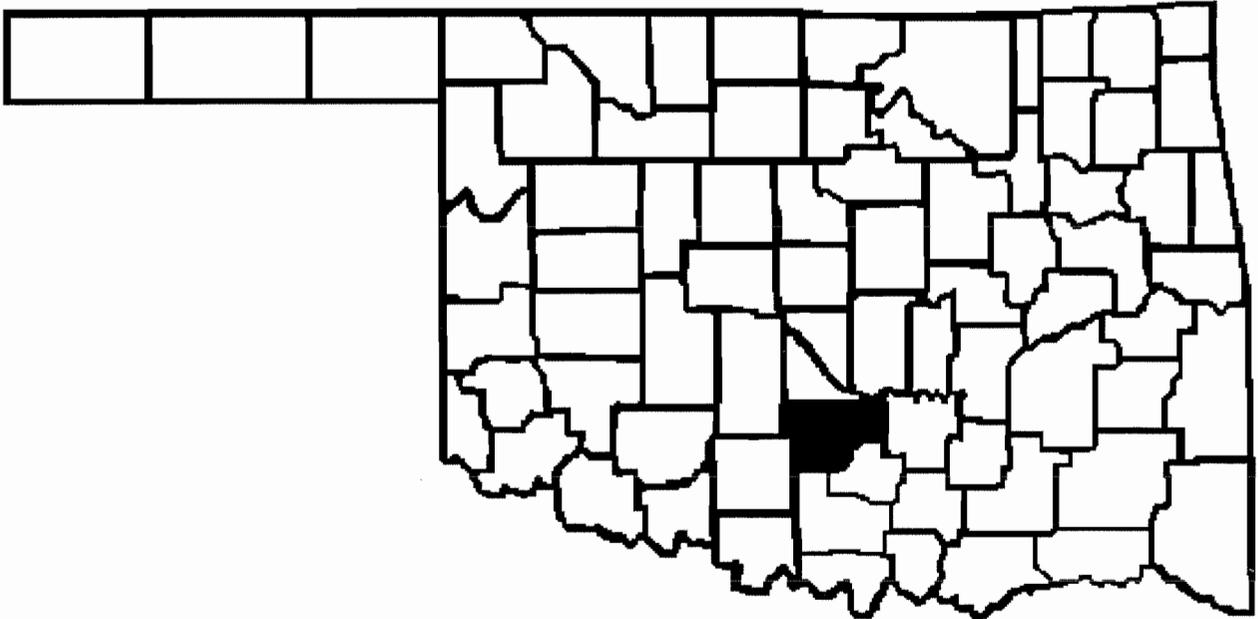
COMPLIANCE/INTERNAL CONTROL SECTION

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	25
Schedule of Findings and Questioned Costs	27
Schedule of Prior Year Findings and Questioned Costs	31

STATISTICAL DATA (Unaudited)

Top Ten Taxpayers.....	32
Computation of Legal Debt Margin	33
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	34
Assessed Value of Property	35

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



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

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

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

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

County Seat – Pauls Valley

Area – 809.2 Square Miles

County Population - 27,210 (2000 est.)

Farms – 1,380

Land in Farms - 448,693 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor’s report.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Evelyn Bradley
(D) Stratford

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

COUNTY CLERK
Gina Mann
(D) Stratford

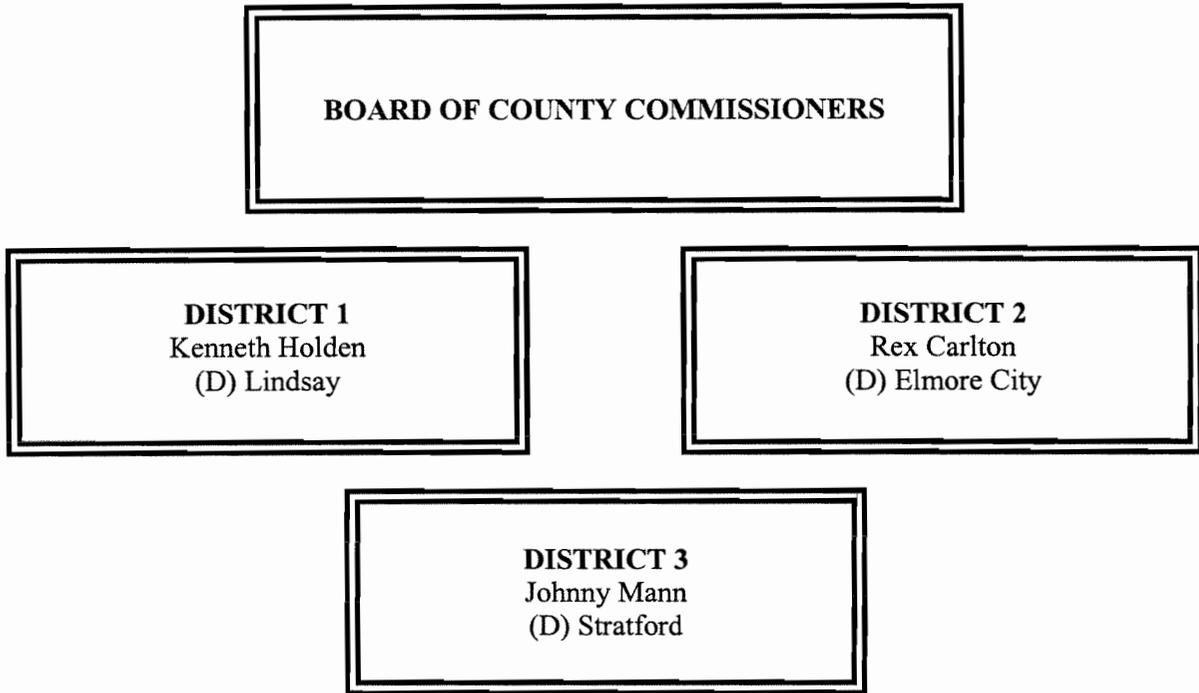
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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

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

See independent auditor's report.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Gary Cozard (11/2002)
Bill Roady (11/2002 to present)
(D) Elmore City

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

COUNTY TREASURER
Sandy Goggans
(D) Pauls Valley

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

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

See independent auditor's report.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK

Mary E. James
(D) Paoli

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY

Tim Kuykendall
(R) Norman

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

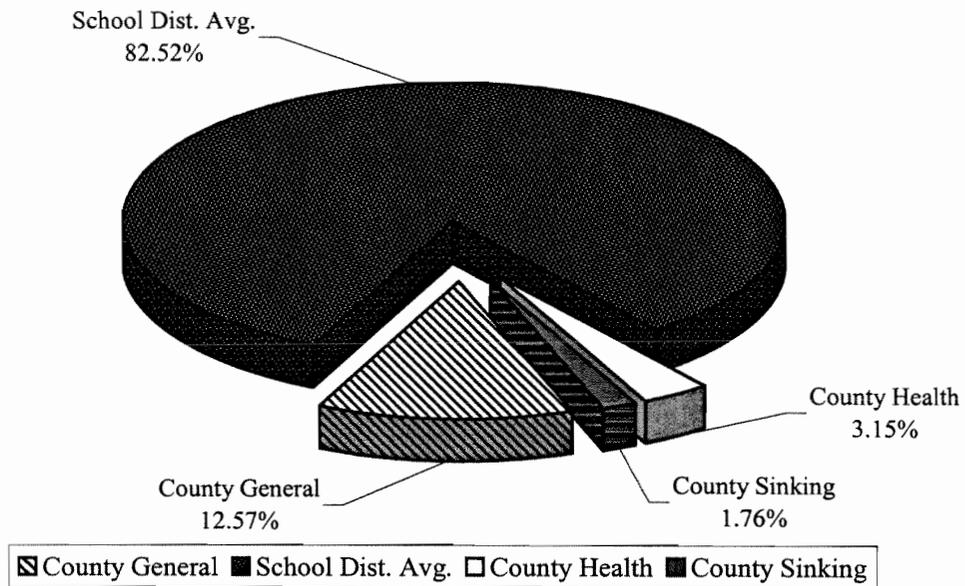
ELECTION BOARD SECRETARY
Melanie Porter
(D) Wynnewood

The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

**GARVIN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of 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.	Skp.	Tech Cntr.	Common	Total
Co. General	10.27	Stratford	I-2	36.51	5.22	5.94	11.25	4.11	63.03
County Health	2.57	Paoli	I-5	35.96	5.14	4.64	11.25	4.11	61.10
County Sinking	1.44	Maysville	I-7	35.99	5.14	15.31	11.25	4.11	71.80
		Lindsay	I-9	35.92	5.13	5.61	11.25	4.11	62.02
		Pauls Valley	I-18	35.58	5.08	14.77	11.25	4.11	70.79
		Wynnewood	I-38	35.96	5.14	4.36	11.25	4.11	60.82
Wynnewood EMS (SD)	3.08	Elmore/Pernell	I-72	36.32	5.19	12.29	11.25	4.11	69.16
Pauls Valley Ambulance (City)	3.06	Whitebead	D-16	36.01	5.14	17.45	11.25	4.11	73.96
		Alex	JI-56	35.00	5.00	12.84	15.00	4.11	71.95
		Byars	JD-4N	37.03	5.29	15.12	11.25	4.11	72.80
		Bray Doyle	JI-42	35.41	5.06	9.57	12.14	4.11	66.29
		Wayne	JI-10	36.71	5.24	8.41	10.49	4.11	64.96

See independent auditor's report.

Independent Auditor's Report



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
GARVIN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Garvin County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Garvin County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Garvin County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Garvin County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Garvin County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

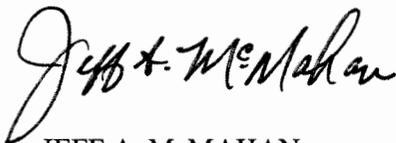
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Garvin County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

August 23, 2004

Special-Purpose Financial Statements

**GARVIN COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2003**

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
General Fund	\$ 486,228	\$ 1,584,986	\$ 1,642,567	\$ 428,647
T-Highway	3,445,580	6,908,060	6,549,751	3,803,889
County Health	433,330	299,562	301,229	431,663
Resale	173,811	46,740	53,944	166,607
County Clerk Lien Fee	58,671	59,132	12,588	105,215
Sheriff's Service Fee	159,189	401,147	429,665	130,671
Treasurer's Mortgage Certification Fee	21,301	11,127	4,535	27,893
CSSP	37,356	6,460	19,118	24,698
GOLTB 96	438,534	8,596		447,130
GOLTB 97	231,939	1,791		233,730
County Assessor Revolving	3,775	12,560	6,069	10,266
Election Fund	3,143			3,143
Sheriff Training	1,810		388	1,422
Sheriff Drug Enforcement	27	1,000	750	277
Health Building Repairs	422			422
County Assessor Hardware	160			160
LLEBG - Sheriff	1,510	11,111	12,621	
Sheriff Drug Task Force	12,474	72	10,465	2,081
REAP		22,369	22,369	
Hazard Mitigation Grant	2,160			2,160
CDBG-B Architect		80,000	80,000	
CENA	11,222	4,000	14,942	280
HOME-01-8916	1,000	158,000	159,000	
Garvin County Skywarn	1,000		1,000	
County Sinking	263,598	162,845	214,310	212,133
Official Depository	322,614	2,555,676	2,590,505	287,785
Schools	63,062	7,485,865	7,444,984	103,943
Cities and Towns	14,181	194,068	195,078	13,171
Protest Tax (all)	19,209	113,101		132,310
EMS - Pauls Valley	460	37,172	37,455	177
Law Library	8,192	25,514	24,973	8,733
Individual Redemption	1,509	68,157	61,394	8,272
Excess Resale	3,016			3,016
Fair Barn	2,764	1,752	1,946	2,570
District Attorney Drug Fund	1,000			1,000
District Attorney Confinement	1,781	552		2,333
Civil Defense	114		25	89
County Commissioners 8-2	10			10
EFTPS	46,675	574,014	620,679	10
Super Now Account No. 10	68,522	543,120	559,513	52,129
Court Clerk Trust Account	44,000			44,000
EMS - Wynnewood	121	66,633	66,496	258
Total County Funds	\$ 6,385,470	\$ 21,445,182	\$ 21,138,359	\$ 6,692,293

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

**GARVIN COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 486,228	\$ 486,228	\$ 486,228	\$
Less: Prior Year Outstanding Warrants	(49,657)	(49,657)	(49,657)	
Less: Prior Year Encumbrances	(14,887)	(14,887)	(14,480)	407
Beginning Cash Balances, Budgetary Basis	<u>421,684</u>	<u>421,684</u>	<u>422,091</u>	<u>407</u>
Receipts:				
Ad Valorem Taxes	996,416	996,416	1,062,704	66,288
Charges for Services	127,721	127,721	155,669	27,948
Intergovernmental Revenues	168,620	168,620	275,095	106,475
Miscellaneous Revenues	89,207	89,207	91,518	2,311
Total Receipts, Budgetary Basis	<u>1,381,964</u>	<u>1,381,964</u>	<u>1,584,986</u>	<u>203,022</u>
Expenditures:				
District Attorney	8,724	8,724	7,802	922
Total District Attorney	<u>8,724</u>	<u>8,724</u>	<u>7,802</u>	<u>922</u>
County Sheriff	294,008	294,008	293,097	911
Total County Sheriff	<u>294,008</u>	<u>294,008</u>	<u>293,097</u>	<u>911</u>
County Treasurer	112,008	112,008	110,790	1,218
Total County Treasurer	<u>112,008</u>	<u>112,008</u>	<u>110,790</u>	<u>1,218</u>
OSU Extension	40,994	40,994	40,045	949
Total OSU Extension	<u>40,994</u>	<u>40,994</u>	<u>40,045</u>	<u>949</u>
County Clerk	134,519	134,519	128,494	6,025
Total County Clerk	<u>134,519</u>	<u>134,519</u>	<u>128,494</u>	<u>6,025</u>
Court Clerk	121,045	121,045	120,294	751
Total Court Clerk	<u>121,045</u>	<u>121,045</u>	<u>120,294</u>	<u>751</u>
County Assessor	97,703	97,703	97,302	401
Total County Assessor	<u>97,703</u>	<u>97,703</u>	<u>97,302</u>	<u>401</u>
Revaluation of Real Property	229,754	229,754	229,394	360
Total Revaluation of Real Property	<u>229,754</u>	<u>229,754</u>	<u>229,394</u>	<u>360</u>

continued on next page

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

**GARVIN COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	270,769	270,769	170,434	100,335
Capital Outlay	5,906	5,906		5,906
Total General Government	<u>276,675</u>	<u>276,675</u>	<u>170,434</u>	<u>106,241</u>
Excise-Equalization Board	4,500	4,500	2,992	1 508
Total Excise-Equalization Board	<u>4,500</u>	<u>4,500</u>	<u>2,992</u>	<u>1,508</u>
County Election Board	72,417	72,417	69,851	2,566
Total County Election Board	<u>72,417</u>	<u>72,417</u>	<u>69,851</u>	<u>2,566</u>
Insurance	353,893	353,893	331,854	22 039
Total Insurance	<u>353,893</u>	<u>353,893</u>	<u>331,854</u>	<u>22,039</u>
County Purchasing Agent	33,057	33,057	29,839	3 218
Total County Purchasing Agent	<u>33,057</u>	<u>33,057</u>	<u>29,839</u>	<u>3,218</u>
Free Fair	8,426	8,426	5,265	3 161
Total Free Fair	<u>8,426</u>	<u>8,426</u>	<u>5,265</u>	<u>3,161</u>
County Audit Budget Account	10,796	10,796	9,788	1 008
Total County Audit Budget Account	<u>10,796</u>	<u>10,796</u>	<u>9,788</u>	<u>1,008</u>
County Commissioners	5,129	5,129	3,706	1 423
Total County Commissioners	<u>5,129</u>	<u>5,129</u>	<u>3,706</u>	<u>1,423</u>
Total Expenditures, Budgetary Basis	<u>1,803,648</u>	<u>1,803,648</u>	<u>1,650,947</u>	<u>152,701</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	356,130	<u>\$ 356,130</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			6,748	
Add: Current Year Outstanding Warrants			65,769	
Ending Cash Balance			<u>\$ 428,647</u>	

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

**GARVIN COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
COUNTY HEALTH DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 433,330	\$ 433,330	\$ 433,330	\$
Less: Prior Year Outstanding Warrants	(847)	(847)	(847)	
Less: Prior Year Encumbrances	(19,123)	(19,123)	(13,551)	5,572
Beginning Cash Balances, Budgetary Basis	<u>413,360</u>	<u>413,360</u>	<u>418,932</u>	<u>5,572</u>
Receipts:				
Ad Valorem Taxes	249,346	249,346	265,935	16,589
Charges for Services		19,318	33,627	14,309
Total Receipts, Budgetary Basis	<u>249,346</u>	<u>268,664</u>	<u>299,562</u>	<u>30,898</u>
Expenditures:				
Health and Welfare	590,000	609,318	376,041	233,277
Capital Outlay	72,706	72,706	9,974	62,732
Total Expenditures, Budgetary Basis	<u>662,706</u>	<u>682,024</u>	<u>386,015</u>	<u>296,009</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	332,479	<u>\$ 332,479</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			98,445	
Add: Current Year Outstanding Warrants			739	
Ending Cash Balance			<u>\$ 431,663</u>	

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

**GARVIN COUNTY, OKLAHOMA
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - SINKING FUND
FOR THE YEAR ENDED JUNE 30, 2003**

Beginning Cash Balance	<u>\$ 263,598</u>
Receipts:	
Ad Valorem Tax	149,694
Miscellaneous	11,774
Intergovernmental	<u>1,377</u>
Total Receipts	<u>162,845</u>
Disbursements:	
G.O. Bonds	170,000
Interest Paid	<u>44,310</u>
Total Disbursements	<u>214,310</u>
Ending Cash Balance	<u><u>\$ 212,133</u></u>

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

**GARVIN COUNTY, OKLAHOMA
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
Free Fair	\$ 1,725	\$	\$	\$	\$ 1,725
County Assessor		12,560	12,560		
County Sheriff		253,642	253,642		
County Clerk		237,860	237,860		
County Clerk Protest		1,192			1,192
Court Clerk	114,666	1,204,553	1,197,133	804	122,890
Court Clerk Revolving	8,516	16,145	16,588		8,073
Court Clerk Court Order	235	3			238
County Election Board	593	36,419	36,697	293	608
County Health Department	1,626	33,239	33,123	570	2,312
County Treasurer	12,960	340,451	334,597		18,814
District Attorney Bogus Check (5)	30,694	169,174	159,512	1,408	41,764
District Attorney Bogus Check (5a)	104,649	159,390	185,933		78,106
District Attorney Youth Advisory Council	1,750	3,969	5,719		
District Attorney Criminal Restitution	1,984	68,092	69,583	419	912
District Attorney Victim Witness Fee	53	2,200	2,247	27	33
District Attorney Drug Fund	43,163	16,787	48,832		11,118
Total Official Depository Accounts	<u>\$ 322,614</u>	<u>\$ 2,555,676</u>	<u>\$ 2,594,026</u>	<u>\$ 3,521</u>	<u>\$ 287,785</u>

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Garvin County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

The government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund and county health department fund.

Summary of Significant Accounting Policies (continued)

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

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insurance	
- Vehicle	Group. (See ACCO-SIG.)	

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county will pay a deductible amount (\$1,000 to \$100,000; the County has a \$50,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All full-time Garvin County employees shall be entitled to vacation leave that is accrued on a monthly basis. Employees may accrue between 5 to 15 days per year depending on years of service. Vacation must be earned before it is taken.

Sick leave is accrued on a monthly basis. Sick leave shall accumulate at the rate of 8 hours for each calendar month of service and may be accrued up to a maximum of 60 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$6,692,293 and the bank balance was \$6,735,228. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and § 348.3 allow the following types of investments:

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

Detailed Notes on Funds and Account Balances (continued)

- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

B. Description of Funds

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

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

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

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

County Clerk Lien Fee – accounts for lien collections and disbursements of sheriff process service fees as restricted by statutes.

Sheriff's Service Fee – accounts for the collection and disbursements of sheriff process service fees as restricted by statute.

Treasurer's Mortgage Certification Tax – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements of the funds restricted by statutes.

CSSP – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

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

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

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

Election Fund – accounts for reimbursements for state and local elections. This account will be closed out and transferred to the general fund.

Sheriff Training – accounts for grant monies and drug forfeitures and disbursed for training purposes only.

Detailed Notes on Funds and Account Balances (continued)

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

Health Building Repairs – accounts for monies set aside for building repairs to the county health department.

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

LLEBG - Sheriff – accounts for grant monies received used to purchase equipment as restricted by the grant agreement.

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

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

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

CDBG-B Architect – accounts for grant monies received used to make handicap improvements to the fairgrounds.

CENA – accounts for grant funds received for the maintenance and operation of senior citizen centers within the County.

HOME-01-8916 – accounts for grant monies received for down-payment assistance, remodeling and the construction of homes for qualified applicants within the County.

Garvin County Skywarn – accounts for grant monies received on behalf of Elmore City for a new weather alert system.

County Sinking – accounts for the payments of interest and principal on the long-term bonded debt and civil judgments. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

Official Depository - accounts for the collection and distribution of officer and board fees held in trust until the end of the month.

Schools - accounts for monies collected on behalf of the public schools in Garvin County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Detailed Notes on Funds and Account Balances (continued)

Cities and Towns – accounts for monies collected on behalf of the cities and towns in Garvin County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Protest Tax (all) – accounts for ad valorem taxes collected in protest.

EMS – Pauls Valley – accounts for the monies collected on behalf of the EMS from ad valorem taxes and remitted to them monthly.

Law Library – accounts for monies received for disbursement from the state for the law library board.

Individual Redemption – accounts for the monies collected and due to individuals from property tax sales in delinquent taxes.

Excess Resale – accounts for the proceeds of sale of property in excess of tax against property to be held in trust for a two-year period.

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

District Attorney Drug Fund – accounts for the collection of revenue generated from building rent, booth rental, and other fees.

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

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

County Commissioners 8-2 – accounts for the collection of royalties and vending. This fund will be closed out and transferred to the general fund.

EFTPS – accounts for the temporary holdings of employer and employee payroll taxes.

Super Now Account No. 10 – accounts for fees transferred from district court and interest. Money is disbursed for the purpose of fees for various entities, salaries, and the operation of the Court Clerk's office.

Court Clerk Trust Account – accounts for a special encumbrance from the court fund approved by the Chief Justice of Oklahoma for the purpose of purchasing computer equipment.

Detailed Notes on Funds and Account Balances (continued)

EMS – Wynnewood – accounts for monies collected on behalf of the EMS from ad valorem taxes and remitted to them monthly.

The following narrative details the official depository accounts.

Free Fair – accounts for collections and disbursements derived from the operation of the County Free Fair.

County Assessor – accounts for the collections for copies and proceeds from the sale of ownership books to be disbursed at the end of the month and deposited in the assessor’s revolving fund.

County Sheriff – accounts for all collections of foreign service fees and cash bond monies. Monies are disbursed at the end of the month and deposited in the assessor’s revolving fund.

County Clerk – accounts for the collection of filing fees and disbursed to the Oklahoma Tax Commission and general fund.

County Clerk Protest – accounts for lien bonds that have never been resolved.

Court Clerk – accounts for the collection of bond money, court fines, and fees. Money is disbursed for fees and restitution.

Court Clerk Revolving Fund – accounts for a charge of \$5.00 for each warrant. Money is disbursed in the same manner as court fund.

Court Clerk Court Order – accounts for interest earned on money held in trust pursuant to probate case number P-2000-34 until a legal or personal representative shall demand and accept same.

County Election Board – accounts for reimbursement of elections and is disbursed for refunds or election fees and maintenance and operation of the office.

County Health Department – accounts for the collection of state funds and charges for services. Money is disbursed on a monthly basis to be transferred to the county health department cash account.

County Treasurer – accounts for miscellaneous collections held in trust for disbursement.

District Attorney Bogus Check (5) – accounts for the collection of bogus checks and district attorney fees to be disbursed to the merchant and the district attorney fee account.

Detailed Notes on Funds and Account Balances (continued)

District Attorney Bogus Check (5a) – accounts for the collection of district attorney fees transferred from the bogus check restitution account and disbursement of funds restricted by state statutes.

District Attorney Youth Advisory Council – federal grant from Office of Juvenile Affairs. Collections are from juveniles that are required to perform community service and disbursements of funds are for community service supervision and transportation.

District Attorney Criminal Restitution – accounts for the collections received by court orders to reimburse victims.

District Attorney Victim Witness Fee – accounts for collections received from the state to reimburse the County for witness expenses.

District Attorney Drug Fund – accounts for collections from asset forfeitures and disbursement of funds are restricted by court order and state statute.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2002, was approximately \$106,724,172.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.27 mills for the general fund operations, 2.57 mills for the county health department, and 1.44 mills for the county sinking. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Detailed Notes on Funds and Account Balances (continued)

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

Current year tax collections for the year ended June 30, 2003, were approximately 94 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

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

F. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Garvin County General Limited Tax Bonds – On November 14, 1967, the voters of Garvin County approved the issuance of \$1,700,000 in general limited tax bonds. The bonds are to be used to secure and develop industry within the County. Bonds are issued as needed for specific purposes until the \$1,700,000 limit is reached.

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

GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

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

<u>Series</u>	<u>Date Issued</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Balance Outstanding at June 30, 2003</u>
1996	April 1, 1996	6.00%	\$ 950,000	\$410,000
1997	September 8, 1997	6.00%	<u>253,000</u>	<u>183,000</u>
			<u>\$1,203,000</u>	<u>\$593,000</u>

Payments of principal and interest on the bonds (Series 1996 and 1997) are provided by ad valorem taxes levied against all taxable property of the County. The County levied 1.44 mills for debt service for the year ended June 30, 2003.

Annual debt service requirements to maturity for general obligation bonds, including interest of \$75,700, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$170,000	\$33,860	\$203,860
2005	170,000	23,695	193,695
2006	175,000	13,635	188,635
2007	35,000	3,327	38,327
2008	<u>43,000</u>	<u>1,183</u>	<u>44,183</u>
Total	<u>\$593,000</u>	<u>\$75,700</u>	<u>\$668,700</u>

G. Fuel Tax

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

4. 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 government expects such amounts, if any, to be immaterial.

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

Schedule of Expenditures of Federal Awards

GARVIN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through the Oklahoma Housing Finance Agency:			
Community Development Block Grant	14.228	10204CDBG	\$ 40,000
Home Investment Partnerships Program	14.239	8916HOME01	159,000
Total U.S. Department of Housing and Urban Development			<u>199,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Local Law Enforcement Block Grant	16.592	LLEBG	10,380
Community Oriented Policing Services (COPS)	16.710	2000CMWX0533	2,963
Total U.S. Department of Justice			<u>13,343</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through State Department of Civil Emergency Management:			
Public Assistance Grants	83.544		2,789,108
Total Federal Emergency Management Agency			<u>2,789,108</u>
Total Expenditures of Federal Awards			<u>\$ 3,001,451</u>

GARVIN COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

Basis of Presentation

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

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
GARVIN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Garvin County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 23, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Garvin County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we have reported to management and is included in Section 4 of the schedule of findings and questioned costs, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Garvin County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2, and 2003-3.

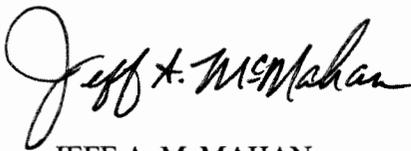
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-1 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

August 23, 2004

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
GARVIN COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Garvin County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

August 23, 2004

Schedule of Findings and Questioned Costs

**GARVIN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003**

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified? Yes

• Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? No

• Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

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

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

Identification of Major Programs

CFDA Number(s)

83.544

Name of Federal Program or Cluster

Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

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

Finding 2003-1 - Segregation of Duties

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

Management's Response: We concur with the auditor's findings. Management does have knowledge of County operations and will perform a periodic review of these operations.

Finding 2003-2 – Inmate Trust Fund Deposits

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, 19 O.S. 2001, § 531 states, "the county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into the Inmate Trust Fund Checking Account." In addition, 28 O.S. 2001, § 9 states, "Every officer charging fees shall give a receipt therefore."

Condition: During testwork it was noted that receipts were not written for all monies deposited. In addition, ten receipts totaling \$277.00 from the Inmate Trust Fund receipt books could not be traced to the deposit.

Recommendation: We recommend that all monies collected under the color of office be receipted and deposited daily.

Management's Response: We concur with the auditor's findings and are in the process of taking appropriate action to correct this issue.

GARVIN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Finding 2003-3 – Inmate Trust Fund

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Condition: The Sheriff's Inmate Trust Fund and Commissary are not reconciled with the bank statements each month. Bank statements should be reconciled to the inmate trust ledger.

Recommendation: We recommend the Sheriff maintain an Inmate Trust Fund ledger and reconcile it to the bank statements monthly.

Management's Response: We concur with the auditor's findings and are in the process of taking appropriate action to correct this issue.

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

No matters were reported.

SECTION 4 - Other Audit Findings - This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2003-4 – Fixed Assets Inventory

Criteria: Title 19 O.S. 2001, § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Two Hundred Fifty Dollars (\$250.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...."

GARVIN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Condition: All offices do not perform a biennial verification of the fixed assets inventory.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

Management's Response: We concur with the auditor's findings. All officers are currently updating inventory records and will complete form #3512.

Schedule of Prior Year Findings and Questioned Costs

GARVIN COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Finding 2002-01 – Undocumented Costs

Federal Program: Federal Emergency Management Assistance (FEMA), CFDA #83.544

Funding Agency: U.S. Department of Federal Emergency Management Agency passed through the Oklahoma Department of Civil Emergency Management.

Condition: Garvin County District #1 did not maintain adequate and proper documentation to support expenditures of federal funds. We questioned \$12,392 for project worksheet #3280.

Corrective Action Plan: The County has corrected this condition. No findings of this nature were noted for the fiscal year ending June 30, 2003.

**Statistical Data
(Unaudited)**

**GARVIN COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Wal-Mart	\$ 10,057,978	9.42%
Wynnewood Refining Co.	9,892,009	9.27%
OG&E	4,436,901	4.16%
Southwestern Bell	3,301,160	3.09%
Texaco Natural Gas Inc.	3,195,740	3.00%
Curwood Inc.	2,083,544	1.95%
Oneok (all systems)	2,017,895	1.89%
Enogex Inc.	1,636,120	1.53%
Williams Pipeline Co.	1,415,223	1.33%
Anadarko Gathering Co.	1,316,812	1.23%
Total	<u>\$ 39,353,382</u>	<u>36.87%</u>

Source: (Provided by Oklahoma Tax Commission - Ad Valorem Division)

**GARVIN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

Total net assessed value as of January 1, 2002		<u>\$ 106,724,172</u>
Debt limit - 5% of total assessed value		5,336,209
Total bonds outstanding	593,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>212,133</u>	<u>380,867</u>
Legal debt margin		<u>\$ 4,955,342</u>

**GARVIN COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

	2003
Estimated population	27,210
Net assessed value as of January 1, 2002	\$ 106,724,172
Gross bonded debt	593,000
Less available sinking fund cash balance	212,133
Net bonded debt	\$ 380,867
Ratio of net bonded debt to assessed value	0.36%
Net bonded debt per capita	\$ 14.00

**GARVIN COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2002	\$23,047,475	\$23,760,941	\$67,409,347	\$7,493,591	\$106,724,172	\$926,321,358