

**GARVIN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

January 5, 2006

TO THE CITIZENS OF
GARVIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garvin County, Oklahoma, for the fiscal year ended June 30, 2005. 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 serving the public interest by providing independent oversight and by issuing 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,

A handwritten signature in cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**GARVIN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Garvin County	iii
County Officials and Responsibilities	iv
Ad Valorem Tax Distribution.....	ix
Computation of Legal Debt Margin	x
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	xi
Assessed Value of Property	xii

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information).....	3
Notes to the Financial Statement	4

OTHER SUPPLEMENTARY INFORMATION

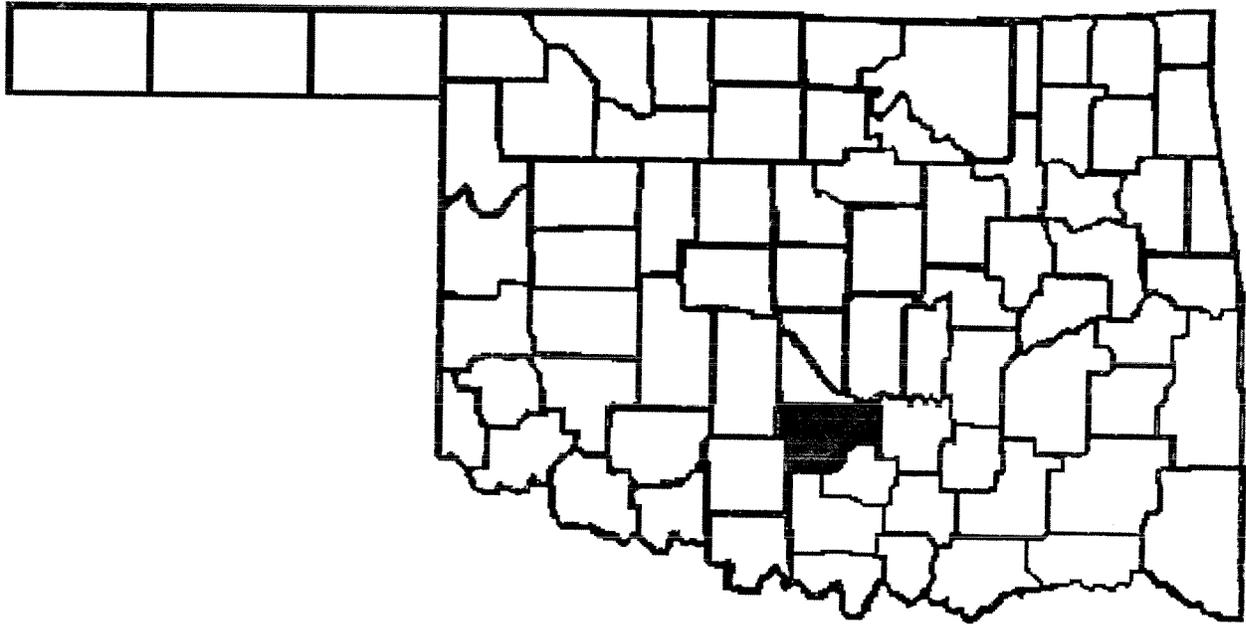
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund	13
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	15
Detailed Schedule of Receipts, Disbursements, and Changes in Cash Balances—Sinking Fund	16
Notes to Other Supplementary Information	17
Schedule of Expenditures of Federal Awards	18
Note to the Schedule of Expenditures of Federal Awards	19

**GARVIN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	20
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	22
Schedule of Findings	24

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 – 813.66 Square Miles

County Population – 27,229 (2004 est.)

Farms – 1,637

Land in Farms – 468,880 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor’s report.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

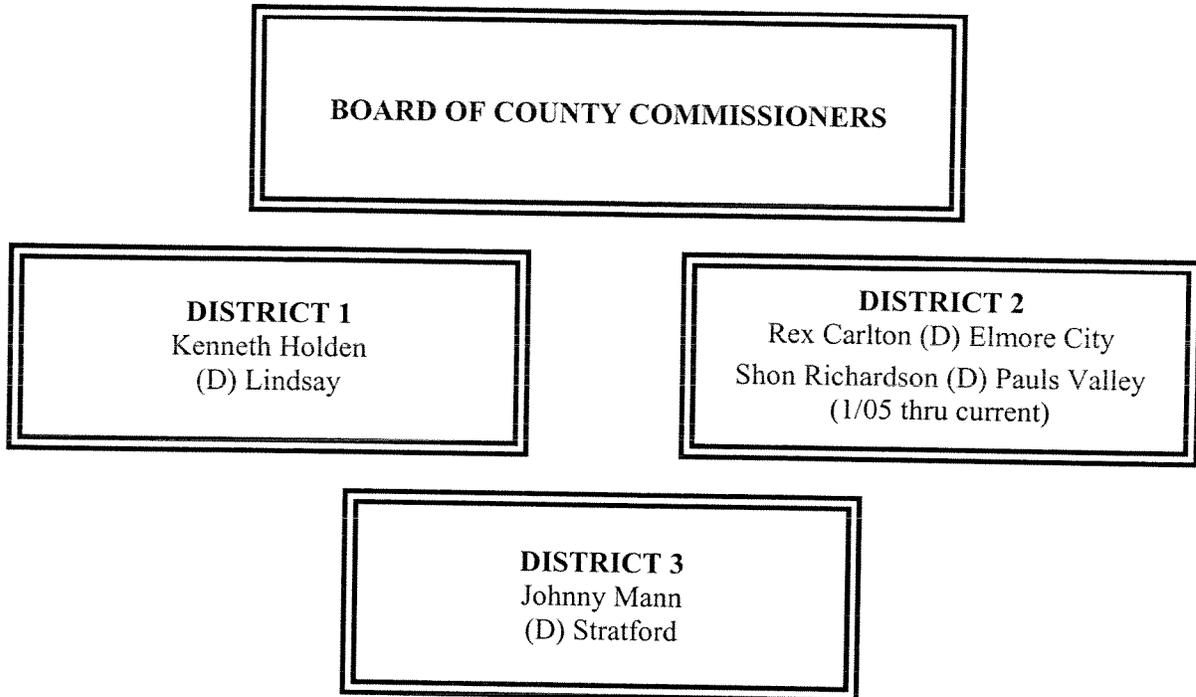
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**



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

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

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

See independent auditor's report.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

COUNTY SHERIFF

Bill Roady
(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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

COURT CLERK

Mary E. James (D) Paoli
Kay Brewer (D) Pauls Valley (1/05
thru current)

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.

**GARVIN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

ELECTION BOARD SECRETARY

Melanie Porter
(D) Wynnewood

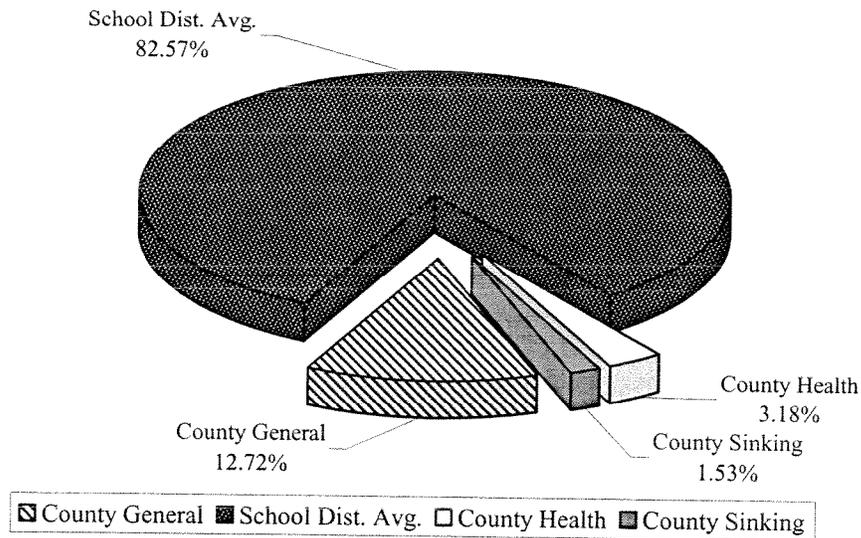
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
Co. General	10.27	Stratford	I-2	36.51	5.22	5.46	11.25	4.11	62.55
County Health	2.57	Paoli	I-5	35.96	5.14	4.28	11.25	4.11	60.74
County Sinking	1.23	Maysville	I-7	35.99	5.14	14.45	11.25	4.11	70.94
Other:		Lindsay	I-9	35.92	5.13	4.33	11.25	4.11	60.74
		Pauls Valley	I-18	35.58	5.08	15.63	11.25	4.11	71.65
Wynnewood EMS (SD)	3.08	Wynnewood	I-38	35.96	5.14	7.96	11.25	4.11	64.42
Pauls Valley Ambulance (City)	3.06	Elmore City-Pernell	I-72	36.32	5.19	8.83	11.25	4.11	65.70
		Whitebead	D-16	36.01	5.14	13.77	11.25	4.11	70.28
		Alex	J1-56	35.00	5.00	18.27	15.00	4.11	77.38
		Byars	JD-4M	37.03	5.29	14.95	11.25	4.11	72.63
		Bray-Doyle	J1-42	35.41	5.06	9.43	12.14	4.11	66.15
		Wayne	J1-10	36.71	5.24		10.49	4.11	56.55

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

Total net assessed value as of January 1, 2004		<u>\$ 119,970,805</u>
Debt limit - 5% of total assessed value		5,998,540
Total bonds outstanding	253,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>109,723</u>	<u>143,277</u>
Legal debt margin		<u>\$ 5,855,263</u>

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
 VALUE AND NET BONDED DEBT PER CAPITA
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (UNAUDITED)**

	2005
Estimated population	27,229
Net assessed value as of January 1, 2004	\$ 119,970,805
Gross bonded debt	253,000
Less available sinking fund cash balance	109,723
Net bonded debt	\$ 143,277
Ratio of net bonded debt to assessed value	0.12%
Net bonded debt per capita	\$ 5.26

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2004	\$33,233,532	\$23,227,358	\$70,794,440	\$7,284,525	\$119,970,805	\$1,047,360,294

See independent auditor's report.

FINANCIAL SECTION



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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garvin County, Oklahoma, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Garvin County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Garvin County as of June 30, 2005, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Garvin County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005, on our consideration of Garvin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Finally, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



JEFF A. McMAHAN
State Auditor and Inspector

December 7, 2005

Basic Financial Statement

**GARVIN COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Transfer In	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:					
General Fund	\$ 542,208	\$ 1,740,595	\$	\$ 1,686,999	\$ 595,804
T-Highway	3,135,702	4,412,623		4,753,468	2,794,857
County Health	429,399	313,249		256,331	486,317
Resale	180,488	58,955	3,016	81,473	160,986
County Clerk Lien Fee	118,119	64,410		29,462	153,067
Sheriff's Service Fee	107,346	487,857		468,877	126,326
Treasurer's Mortgage Certification Fee	36,096	11,654		2,234	45,516
CSSP	13,615			7,885	5,730
GOLTB 96	401,973	6,156			408,129
GOLTB 97	693				693
County Assessor Revolving	17,479	6,739		200	24,018
Election Fund	3,143			3,143	
Sheriff Training	2,331	12,340		6,795	7,876
Sheriff Drug Enforcement	377	50		230	197
Health Building Repairs	422			422	
County Assessor Hardware	160				160
Sheriff Drug Task Force	125			49	76
REAP		14,167		14,167	
Hazard Mitigation Grant	2,160	36,418		28,918	9,660
CDBG		809,513		809,513	
CENA	11	3,446		3,457	
County Sinking	156,398	147,270		193,945	109,723
Fair Barn	2,646	2,492		1,311	3,827
District Attorney Confinement	3,156	1,329			4,485
Civil Defense	54			35	19
County Commissioners 8-2	10			10	
Court Clerk Supplemental	26,661	187,000		164,191	49,470
Sheriff's COPS Meth Grant		119,160			119,160
Combined Total--All County Funds	<u>\$ 5,180,772</u>	<u>\$ 8,435,423</u>	<u>\$ 3,016</u>	<u>\$ 8,513,115</u>	<u>\$ 5,106,096</u>

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

GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

1. **Summary of Significant Accounting Policies**

A. Reporting Entity

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Garvin County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

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

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 disbursement of sheriff process service fees as restricted by statute.

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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.

Sheriff Training – accounts for grant monies and drug forfeitures 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.

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.

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 citizen 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 – accounts for federal grant funds received from the Department of Commerce, disbursements are made in accordance with the grant agreement.

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

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

Fair Barn – accounts for the collection of revenue generated from building rent, booth rent, and other fees and disbursements are restricted by state statute.

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.

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

Sheriff's COPS Meth Grant – accounts for federal grant funds received from the Department of Justice and disbursements are made in accordance with the grant agreement.

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

C. Basis of Accounting

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

D. Budget

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

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

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

E. Cash

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

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

F. Investments

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

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

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

G. Compensated Absences

All full-time 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 and shall not be carried from one year to the next.

Sick leave is accrued on a monthly basis. Sick leave shall accumulate at the rate of 1 work day for each calendar month of service and may be accrued up to a maximum of 60 days. Sick leave is not paid upon termination.

2. Ad Valorem Tax

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

The assessed property value as of January 1, 2004, was approximately \$119,970,805.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.27 mills for general fund operations, 2.57 mills for county health department, and 1.23 mills for the county sinking fund. In addition, the County 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.

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, 2005, were approximately 94.85 percent of the tax levy.

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

3. Fuel Tax

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

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers Liability • Vehicle 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		
Worker's Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	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 chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$25,000 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 amount for replacement value up to \$100,000 for

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

5. Long-term Obligations

Capital Leases

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

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The County issued general obligation bonds November 14, 1967, the voters of Garvin County approved the issuance of \$1,700,000 in general obligation limited tax bonds. The bonds are to be used to secure and develop industry within the County. Bonds were issued as needed for specific purposes until the \$1,700,000 limit was reached.

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

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

**GARVIN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Series	Date Issued	Interest Rates	Remaining Original Issues	Balance Outstanding at June 30, 2005
1996	April 1, 1996	6%	\$ 950,000	\$140,000
1997	September 8, 1997	6%	253,000	113,000
			<u>\$1,203,000</u>	<u>\$253,000</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.

Annual debt service requirements to maturity for general obligation bonds, including interest of \$18,145, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2006	\$175,000	\$13,635	\$ 188,635
2007	35,000	3,327	38,327
2008	43,000	1,183	44,183
Total	<u>\$253,000</u>	<u>\$18,145</u>	<u>\$271,145</u>

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$238,089, \$227,229, and \$225,288, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Operating Transfers

Operating transfers consist of \$3,016 transferred from Excess Resale to Resale Property as per 68 O.S. § 3131. Total transfers do not balance because the cash receipts and disbursements attributed to Excess Resale do not appear in funds on the County's financial statement, this fund plays no part in the County's operations.

9. Contingent Liabilities

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

The County 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 County.

OTHER SUPPLEMENTARY INFORMATION

GARVIN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 542,208	\$ 542,208	\$ 542,208	\$ -
Less: Prior Year Outstanding Warrants	(100,188)	(100,188)	(100,188)	
Less: Prior Year Encumbrances	(11,396)	(11,396)	(11,217)	179
Beginning Cash Balances, Budgetary Basis	<u>430,624</u>	<u>430,624</u>	<u>430,803</u>	<u>179</u>
Receipts:				
Ad Valorem Taxes	1,120,091	1,120,091	1,149,876	29,785
Charges for Services	150,801	150,801	180,809	30,008
Intergovernmental Revenues	244,507	244,507	269,362	24,855
Miscellaneous Revenues	51,258	51,410	140,548	89,138
Total Receipts, Budgetary Basis	<u>1,566,657</u>	<u>1,566,809</u>	<u>1,740,595</u>	<u>173,786</u>
Expenditures:				
District Attorney	1,224	1,224	1,223	1
Total District Attorney	<u>1,224</u>	<u>1,224</u>	<u>1,223</u>	<u>1</u>
County Sheriff	322,678	322,678	322,670	8
Total County Sheriff	<u>322,678</u>	<u>322,678</u>	<u>322,670</u>	<u>8</u>
County Treasurer	115,883	115,883	115,778	105
Total County Treasurer	<u>115,883</u>	<u>115,883</u>	<u>115,778</u>	<u>105</u>
OSU Extension	41,724	41,724	27,538	14,186
Total OSU Extension	<u>41,724</u>	<u>41,724</u>	<u>27,538</u>	<u>14,186</u>
County Clerk	139,356	139,356	131,236	8,120
Total County Clerk	<u>139,356</u>	<u>139,356</u>	<u>131,236</u>	<u>8,120</u>
Court Clerk	128,006	128,006	126,848	1,158
Total Court Clerk	<u>128,006</u>	<u>128,006</u>	<u>126,848</u>	<u>1,158</u>
County Assessor	104,019	104,019	102,002	2,017
Total County Assessor	<u>104,019</u>	<u>104,019</u>	<u>102,002</u>	<u>2,017</u>
Revaluation of Real Property	170,571	170,571	170,057	514
Capital Outlay	30,907	30,907	30,907	
Total Revaluation of Real Property	<u>201,478</u>	<u>201,478</u>	<u>200,964</u>	<u>514</u>
General Government	398,662	398,662	183,550	215,112
Capital Outlay	14,381	14,381		14,381
Total General Government	<u>413,043</u>	<u>413,043</u>	<u>183,550</u>	<u>229,493</u>

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

GARVIN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Excise-Equalization Board	3,500	3,500	2,942	558
Total Excise-Equalization Board	3,500	3,500	2,942	558
County Election Board	75,071	75,223	72,893	2,330
Capital Outlay	500	500	495	5
Total County Election Board	75,571	75,723	73,388	2,335
Insurance	382,542	382,542	318,517	64,025
Total Insurance	382,542	382,542	318,517	64,025
County Purchasing Agent	25,806	25,806	25,655	151
Total County Purchasing Agent	25,806	25,806	25,655	151
Data Processing	8,543	8,543	6,542	2,001
Total Data Processing	8,543	8,543	6,542	2,001
Charity	3,000	3,000	169	2,831
Total Charity	3,000	3,000	169	2,831
County Commissioners	5,129	5,129	4,573	556
Total County Commissioners	5,129	5,129	4,573	556
County Audit Budget Account	17,353	17,353	9,153	8,200
Total County Audit Budget Account	17,353	17,353	9,153	8,200
Free Fair Budget	8,426	8,426	8,322	104
Total Free Fair Budget	8,426	8,426	8,322	104
Total Expenditures, Budgetary Basis	1,997,281	1,997,433	1,661,070	336,363
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	510,328	\$ 510,328
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			21,090	
Add: Current Year Outstanding Warrants			64,386	
Ending Cash Balance			\$ 595,804	

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

**GARVIN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 429,399	\$ 429,399	\$ 429,399	\$ -
Less: Prior Year Outstanding Warrants	(22,252)	(22,252)	(22,252)	
Less: Prior Year Encumbrances	(25,054)	(25,054)	(24,409)	645
Beginning Cash Balances, Budgetary Basis	<u>382,093</u>	<u>382,093</u>	<u>382,738</u>	<u>645</u>
Receipts:				
Ad Valorem Taxes	280,295	280,295	287,685	7,390
Charges for Services		11,926	24,853	12,927
Miscellaneous Revenues			711	711
Total Receipts, Budgetary Basis	<u>280,295</u>	<u>292,221</u>	<u>313,249</u>	<u>21,028</u>
Expenditures:				
Health and Welfare	480,000	491,926	282,616	209,310
Capital Outlay	182,388	182,388	18,989	163,399
Total Expenditures, Budgetary Basis	<u>662,388</u>	<u>674,314</u>	<u>301,605</u>	<u>372,709</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	394,382	<u>\$ 394,382</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			61,985	
Add: Current Year Outstanding Warrants			29,950	
Ending Cash Balance			<u>\$ 486,317</u>	

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

**GARVIN COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Beginning Cash Balance	\$ 156,398
Receipts:	
Ad Valorem Tax	138,054
Miscellaneous	9,216
Total Receipts	<u>147,270</u>
Disbursements:	
G.O. Bonds	170,000
Interest Paid	23,945
Total Disbursements	<u>193,945</u>
Ending Cash Balance	<u>\$ 109,723</u>

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

**GARVIN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

1. Budgetary Schedules

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

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

2. Sinking Fund Schedule

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 State Department of Commerce:			
Community Development Block Grant - State's Program	14.228	10821 CDBG 03	\$ 6,250
Community Development Block Grant - State's Program	14.228	11101 CDBG 96	198,201
Community Development Block Grant - State's Program	14.228	11456 CDBG 03	605,063
Total U.S. Department of Housing and Urban Development			<u>809,514</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through the Oklahoma District Attorneys Council:			
Public Safety Partnership and Community Policing Grants	16.710	2004CKWX0397	127,913
Total U.S. Department of Justice			<u>127,913</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	DR1465	139
Hazard Mitigation Grant	97.039		30,793
Total U.S. Department of Homeland Security			<u>30,793</u>
Total Expenditures of Federal Awards			<u>\$ 968,220</u>

The accompanying notes are an integral part of this schedule.
See independent auditor's report.

**GARVIN COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Basis of Presentation

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

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
GARVIN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garvin County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Garvin County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 7, 2005. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Garvin County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Garvin County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings as item 2005-1.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2005-1 to be a material weakness.

Compliance and Other Matters

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

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



JEFF A. McMAHAN
State Auditor and Inspector

December 7, 2005



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, 2005. Garvin 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 Garvin County's management. Our responsibility is to express an opinion on Garvin County's compliance based on our audit.

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

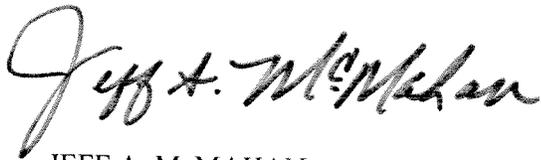
In our opinion, Garvin County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Garvin 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 Garvin 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 the 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 reportable 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 caused by error or fraud 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.

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

A handwritten signature in black ink that reads "Jeff A. McMahen". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

December 7, 2005

GARVIN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

SECTION I—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? None Reported

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) Name of Federal Program or Cluster
14.228 Community Development Block Grant

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

Auditee qualified as low-risk auditee? No

GARVIN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Finding 2005-1—Segregation of Duties (Repeat Finding)

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 office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

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

No matters were reported.

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards* or OMB A-133. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2005-2—General Fixed Assets (Repeat Finding)

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

**GARVIN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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....”

Condition: All offices except the County Clerk and County Treasurer 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.

Views of responsible officials and planned corrective actions: All officers will work together to compile a complete listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.