

**GREER COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

September 21, 2005

TO THE CITIZENS OF  
GREER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Greer County, Oklahoma, for the fiscal year ended June 30, 2004. 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

**GREER COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**GREER COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

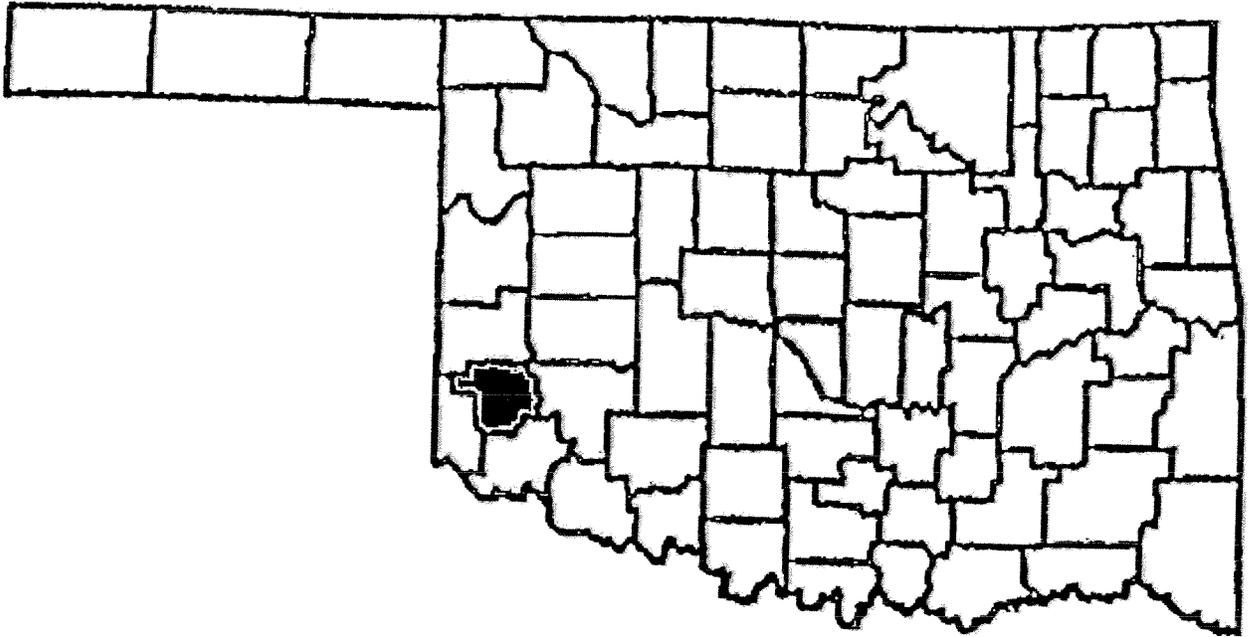
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REPORT TO THE CITIZENS  
OF  
GREER COUNTY, OKLAHOMA

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Greer County was claimed by both Texas and the United States, and Greer was adjudged by the U.S. Supreme Court to be part of Indian Territory in 1896. At the time of the Oklahoma Constitutional Convention, the area was divided among Beckham, Greer and Jackson counties. Following statehood, Greer County was further divided to create Harmon County. The County was named for John A. Greer, Lieutenant Governor of Texas.

Willis Granite Products, Inc. and the Mangum Brick Plant, add to the County's economy.

Quartz Mountain State Park, the Sandy Sanders Wildlife Area and Lake Altus provide recreational opportunities. The Oklahoma Summer Arts Institute takes place each June at Quartz Mountain Lodge, while the last weekend in April offers a rattlesnake derby, gun show and flea market at Mangum.

County Seat - Mangum

Area - 639.4 Square Miles

County Population - 6,061  
(2000 est.)

Farms - 478

Land in Farms - 314,416 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**GREER COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Donna Giddens  
(D) Mangum

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**  
Sonja Wallace  
(D) Mangum

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.

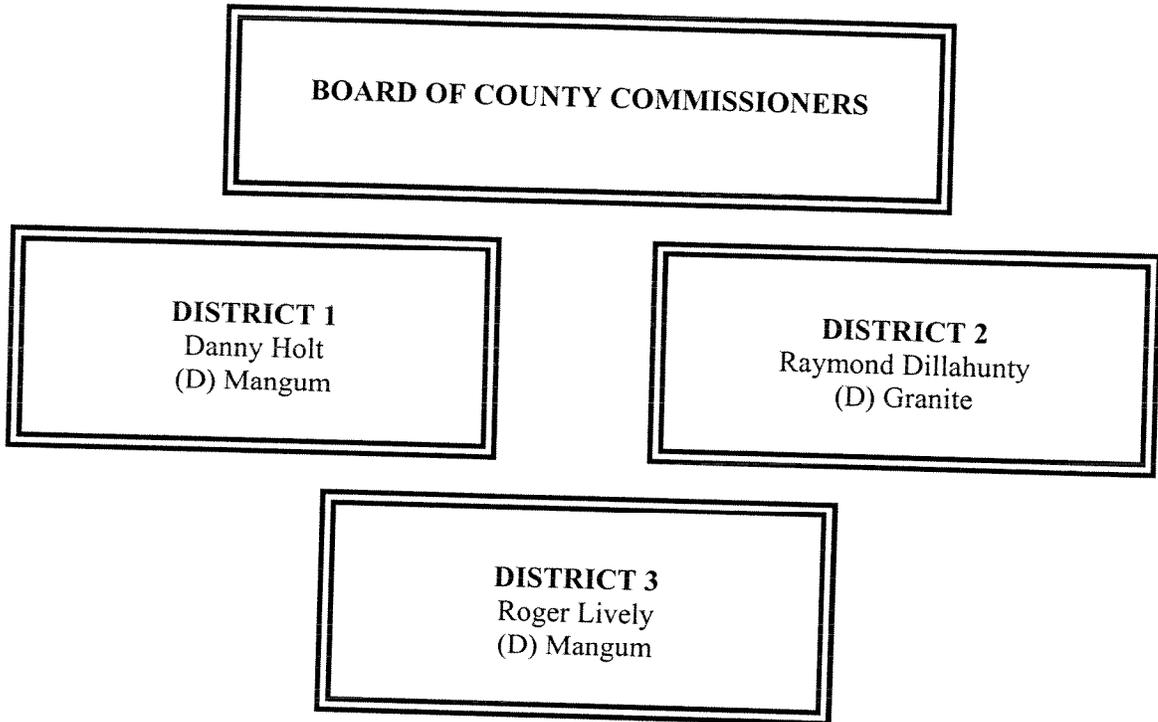
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**GREER COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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

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

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

See independent auditor's report.

**GREER COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Bill Runyon  
(D) Mangum

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**  
Nita Marcum  
(D) Willow

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.

**GREER COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Phyllis Denney  
(D) Willow

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**  
John Wampler  
(D) Duke

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.

**GREER COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

Claudia Boyle  
(D) Mangum

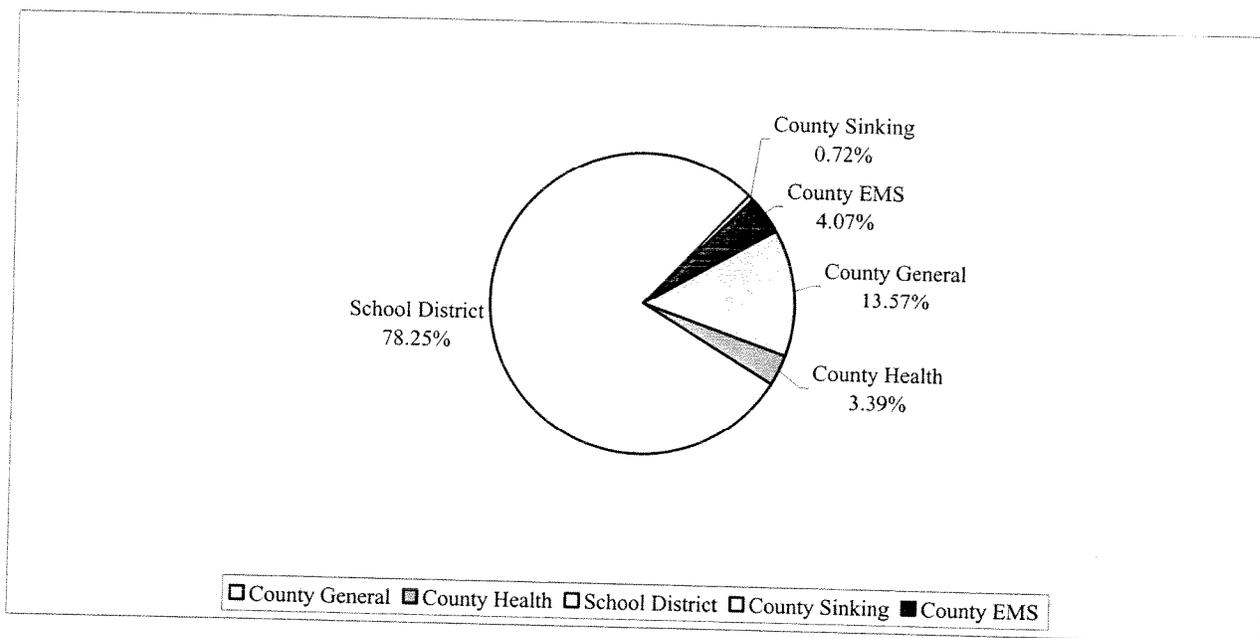
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**GREER 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.



				Gen.	Bldg.	Skg.	Tech Center	Common	Total
Co. General	10.00								
County Health	2.50	Mangum City	No.1	35.00	5.00	12.23		4.00	56.23
County EMS	3.00	Granite City	No.3	35.00	5.00	4.55	10.00	4.00	58.55
County Sinking	0.53	S.D.	66-H	35.00	5.00			4.00	44.00
		S.D.	1-J	35.00	5.00	5.33	10.00	4.00	59.33
		S.D.	14-J	35.00	5.00	5.62	10.00	4.00	59.62
		S.D.	54-J	35.00	5.00		10.00	4.00	54.00
		S.D.	2-K	35.00	5.00	7.21	12.00	4.00	63.21
		S.D.	31-B	35.00	5.00	8.08	12.00	4.00	64.08
		S.D.	10-B	35.00	5.00	9.16	12.00	4.00	65.16
		S.D.	51-B	35.00	5.00	8.53		4.00	52.53

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  
GREER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Greer County, Oklahoma, as of and for the year ended June 30, 2004, as listed in the table of contents. These special-purpose financial statements are the responsibility of Greer 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. 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Greer County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general and county health department funds 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 Greer 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 Greer County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2005, on our consideration of Greer 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 performed for the purpose of forming an opinion on the special-purpose financial statements of Greer County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we express no opinion on such it.

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 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

September 6, 2005

**Special-Purpose Financial Statements**

**GREER COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES - ALL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
County General Fund	\$ 144,820	\$ 644,081	\$ 582,778	\$	\$ 206,123
Highway Cash	1,354,061	1,747,969	2,114,938		987,092
County Health Department	67,474	135,767	154,408		48,833
Resale Property	32,155	3,012	24,146		11,021
Treasurer Mortgage Tax Certification Fee	2,847	1,820	1,510		3,157
County Clerk Lien Fee	1,079	2,316	2,950		445
County Clerk Records Preservation Fee	6,994	7,935	7,773		7,156
Assessor Revolving	387	1,489			1,876
Assessor Visual Inspection	145		50		95
Sheriff Service Fee	11,085	31,870	38,122		4,833
Sheriff Department of Corrections	27,520	121,076	140,839		7,757
Sheriff Training	61				61
Sheriff Drug Enforcement	151				151
Sheriff COPS Grant	300		300		
OSU Extension Sales Tax	37,316	35,150	38,447		34,019
Free Fair Sales Tax	14,792	12,487	11,794		15,485
Homeland Security	1,613	6,845	3,520		4,938
Development of Industry	22,034	16	22,050		
GOB Sinking	19,671	13,213	32,771		113
Schools	6,362	1,359,028	1,354,032		11,358
Cities and Towns	5,584	79,588	79,128		6,044
Emergency Medical Service	298	42,897	42,881		314
Metropolitan Planning Commission	25				25
Industrial Trust	564				564
Tax Refund		393	393		
Protest Tax	35,435	9,018	34,327		10,126
Economic Development Authority	11,559	35,712	40,132		7,139
Industrial Authority Sales Tax	383,965	7,904			391,869
Official Depository	347,980	793,319	889,131	1,563	253,731
<b>Total County Funds</b>	<u>\$ 2,536,277</u>	<u>\$ 5,092,905</u>	<u>\$ 5,616,420</u>	<u>\$ 1,563</u>	<u>\$ 2,014,325</u>

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

**GREER COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2004**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 144,820	\$ 144,820	\$ 144,820	\$ -
Less: Prior Year Outstanding Warrants	(29,828)	828	(29,828)	
Less: Prior Year Encumbrances				
Beginning Cash Balances, Budgetary Basis	<u>114,992</u>	<u>145,648</u>	<u>114,992</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	217,647	217,647	232,455	14,808
Sales Tax	180,000	180,000	247,342	67,342
Charges for Services	21,750	21,750	26,875	5,125
Intergovernmental Revenues	60,850	87,695	79,860	(7,835)
Miscellaneous Revenues	20,150	20,150	57,549	37,399
Total Receipts, Budgetary Basis	<u>500,397</u>	<u>527,242</u>	<u>644,081</u>	<u>116,839</u>
Expenditures:				
District Attorney	1,600	1,666	1,666	
Capital Outlay				
Total District Attorney	<u>1,600</u>	<u>1,666</u>	<u>1,666</u>	<u>-</u>
County Sheriff	96,114	101,428	101,426	2
Capital Outlay				
Total County Sheriff	<u>96,114</u>	<u>101,428</u>	<u>101,426</u>	<u>2</u>
County Treasurer	48,200	48,200	47,468	732
Capital Outlay				
Total County Treasurer	<u>48,200</u>	<u>48,200</u>	<u>47,468</u>	<u>732</u>
County Clerk	51,210	52,104	50,809	1,295
Capital Outlay	10	10		10
Total County Clerk	<u>51,220</u>	<u>52,114</u>	<u>50,809</u>	<u>1,305</u>
Court Clerk	48,000	48,000	47,495	505
Capital Outlay				
Total Court Clerk	<u>48,000</u>	<u>48,000</u>	<u>47,495</u>	<u>505</u>
County Assessor	49,000	49,000	48,619	381
Capital Outlay	100	100		100
Total County Assessor	<u>49,100</u>	<u>49,100</u>	<u>48,619</u>	<u>481</u>
Revaluation of Real Property	28,291	40,452	33,040	7,412
Capital Outlay	5,709	6,805	3,738	3,067
Total Revaluation of Real Property	<u>34,000</u>	<u>47,257</u>	<u>36,778</u>	<u>10,479</u>
General Government	97,493	90,277	79,460	10,817
Capital Outlay	10	10		10
Total General Government	<u>97,503</u>	<u>90,287</u>	<u>79,460</u>	<u>10,827</u>
Excise Equalization Board	3,500	3,550	2,691	859
Capital Outlay				
Total Excise Equalization Board	<u>3,500</u>	<u>3,550</u>	<u>2,691</u>	<u>859</u>

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

**GREER COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
County Election Board	\$ 43,758	\$ 42,775	\$ 40,885	\$ 1,890
Capital Outlay	10	993	966	27
Total County Election Board	43,768	43,768	41,851	1,917
Insurance	140,000	154,470	136,912	17,558
Capital Outlay				
Total Insurance	140,000	154,470	136,912	17,558
County Audit Budget	2,394	2,394	362	2,032
Capital Outlay				
Total County Audit Budget	2,394	2,394	362	2,032
Total Expenditures, Budgetary Basis	615,389	642,234	595,537	46,697
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	163,536	<u>\$ 163,536</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			42,587	
Ending Cash Balance			<u>\$ 206,123</u>	

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

**GREER COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
COUNTY HEALTH DEPARTMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 67,474	\$ 67,474	\$ 67,474	\$ -
Less: Prior Year Outstanding Warrants	(1,888)	(1,888)	(1,888)	
Less: Prior Year Encumbrances	(12,784)	(12,784)	(12,784)	
Beginning Cash Balances, Budgetary Basis	<u>52,802</u>	<u>52,802</u>	<u>52,802</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	54,410	54,410	58,616	4,206
Intergovernmental Revenue	100,000	100,921	76,410	(24,511)
Miscellaneous Revenues			741	741
Total Receipts, Budgetary Basis	<u>154,410</u>	<u>155,331</u>	<u>135,767</u>	<u>(19,564)</u>
Expenditures:				
Health and Welfare	153,433	164,554	150,600	13,954
Capital Outlay	53,779	43,579	576	43,003
Total Expenditures Budgetary Basis	<u>207,212</u>	<u>208,133</u>	<u>151,176</u>	<u>56,957</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	37,393	<u>\$ 37,393</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			11,440	
Ending Cash Balance			<u>\$ 48,833</u>	

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

**GREER COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

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Beginning Cash Balance	<u>\$ 19,671</u>
Receipts:	
Ad Valorem Tax	13,041
Miscellaneous	<u>172</u>
Total Receipts	<u>13,213</u>
Disbursements:	
G.O. Bonds	30,000
Fiscal Agent Charges	188
Interest Paid	<u>2,583</u>
Total Disbursements	<u>32,771</u>
Ending Cash Balance	<u><u>\$ 113</u></u>

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

**GREER COUNTY, OKLAHOMA  
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
District Court Clerk	\$ 324,622	\$ 391,905	\$ 488,693	\$ 1,108	\$ 228,942
District Court Fund	7,880	163,662	157,475	80	14,147
Court Clerk Revolving	1,365	4,943	3,746		2,562
County Treasurer		3,406	3,406		
County Treasurer Trust	9,174	10,862	13,836	132	6,332
County Treasurer Excess Resale	3,832	1,081	3,832		1,081
County Treasurer Motor Vehicle		420	420		
County Clerk		41,537	41,537		
County Assessor Revolving		1,489	1,489		
Sheriff Service Fee		78,703	78,703		
County Health Department		79,766	79,766		
County Election Board	28	7,356	6,852	135	667
District Attorney Victim Restitution	979	8,189	9,276	108	
District Attorney Witness Fee	100		100		
<b>Total Official Depository Accounts</b>	<b>\$ 347,980</b>	<b>\$ 793,319</b>	<b>\$ 889,131</b>	<b>\$ 1,563</b>	<b>\$ 253,731</b>

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

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Greer 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 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. Funds presented are established by statute, and their operations are under the control of the County officials.

B. Fund Accounting

A government entity 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 Comparative Statements of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - for the General Fund and the County Health Department 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 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 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, 2004.

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 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.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	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 \$10,000 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 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.

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

G. Compensated Absences

All full-time employees are entitled to annual leave that is accrued on a monthly basis. Employees can earn from 10 days of vacation up to 15 days of vacation depending on the number of years of service. Employees may carry over no more than 40 hours of vacation from one year to the next with any additional time being forfeited. Employees with over 5 years of service may accumulate no more than 480 hours of vacation time (any additional time shall be forfeited).

The County does accumulate sick leave. Full-time employees earn 10 hours of sick leave for each full calendar month of service to the County. Sick leave may be accumulated up to 960 hours.

Summary of Significant Accounting Policies (continued)

For less than 10 years of service, employees receive ½ day for every month worked for sick leave benefits. For over 10 years service, employees receive 1 day for every month worked for sick leave benefits. An employee cannot accrue more than 30 days of sick leave.

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 \$2,014,325 and the bank balance was \$2,072,969. 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
- 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

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

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

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

County Health Department - accounts for the collection of charges for services performed by the health department. Disbursements are made to the health department fund for budgeting purposes.

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

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

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

County Clerk Records Preservation Fee - accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

Assessor Revolving - accounts for the collection of fees for copies and disbursements as restricted by statute.

Assessor Visual Inspection - accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

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

Sheriff Department of Corrections - accounts for the collection of fees for state held prisoners and disbursement for the purpose of maintaining the jail.

Sheriff Training - accounts for the collection of miscellaneous receipts and disbursements for the training of sheriff deputies.

Sheriff Drug Enforcement - accounts for the collection of drug forfeitures and disbursements for the purpose of drug enforcement along with equipment and training.

Sheriff COPS Grant - accounts for all grants for the purpose of salaries for deputies.

OSU Extension Sales Tax - accounts for the collection of sales tax money and disbursement for the operations of the extension office.

Free Fair Sales Tax - accounts for the collection of sales tax money and disbursement for the operations of the free fair organization.

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

Homeland Security – accounts for federal funds used for the preparation and publication of Greer County Emergency Operation Plan.

Development of Industry – accounts for funds remaining from the general obligation bonds issued in 1993 and 1996. The disbursement is for the inquiry and possible development of industry in the County.

General Obligation Bond (GOB) Sinking - accounts for the payment of interest and principal on the matured portion of long-term bonded debt. Receipts are derived from a special ad valorem tax required for bond and interest payments.

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

Cities and Towns – accounts for Oklahoma Tax Commission collections distributed to the cities and towns of Greer County.

Emergency Medical Service – accounts for monies collected on behalf of the emergency medical service from ad valorem taxes and remitted to them monthly.

Metropolitan Planning Commission – accounts for collection of donations for the purpose of community planning.

Industrial Trust – an account held by the County for the Industrial Trust Authority. There has been no collection or disbursement in the last several years.

Tax Refund – accounts for over collections of ad valorem taxes and disbursements are for refunds to the taxpayers of Greer County.

Protest Tax – accounts for collections of ad valorem taxes, which have been protested.

Economic Development Authority – accounts for monies apportioned from hotel and motel tax for economic development in Greer County.

Industrial Authority Sales Tax – accounts for monies received from collection of a sales tax, which has been terminated but can only be disbursed for the development of industry in Greer County. Receipts result from the collection of interest on the invested account balance.

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

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

Additionally, the following accounts are included in the official depository account.

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

District Court Fund – accounts for fees transferred from District Court and interest. Money is disbursed for the purpose of fees for various entities, salaries and operation of the Court Clerk's office.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant served by the Sheriff. Money is disbursed in the same manner as the court fund.

County Treasurer – accounts for the collections of interest from the official depository account and disbursed to the general fund and court clerk.

County Treasurer Trust – accounts for the collection of taxes and held in trust to pay property taxes.

County Treasurer Excess Resale – accounts for the proceeds of the sale of property in excess of tax against property to tax sales on delinquent taxes.

County Treasurer Motor Vehicle – accounts for proceeds of the sale of motor vehicle stamps. Disbursements account for payments to the Oklahoma Tax Commission and the county general fund.

County Clerk – accounts for the collection of filing fees and disbursements to OTC and the County Clerk Lien Fee Account.

County Assessor Revolving – accounts for the collection of copy fees and disbursements to the County Assessor Revolving Fund Account.

Sheriff Service Fee – accounts for all collection of foreign service fees and disbursements to the County Sheriff Service Fee Account.

County Health Department – accounts for the collection of charges for services performed by the health department. Disbursements are made to the health department fund for budgeting purposes.

County Election Board – accounts for reimbursements of election and disbursements are for refunds of election fees and maintenance and operations of the office.

District Attorney Victim Restitution – accounts for the collection of restitution payments from defendants and disbursement to individuals for restitution of destruction of property.

Detailed Notes on Funds and Account Balances (continued)

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

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, 2003, was approximately \$23,941,125.

The County levied 10 mills (the legal maximum) for general fund operations, 3 mills for the emergency medical service, 2.5 mills for county health department, and .53 mill for county sinking fund (Debt Service Fund). 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.

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, 2004, 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.

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

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 percent on all subsequent pieces of machinery acquired.

F. General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year.

The government issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds. There are no general obligation bonds currently outstanding.

The County issued \$200,000 in G.O. Limited Tax Bonds that were utilized for the purchase of land. The government first authorized the issuance of \$100,000 G.O. Limited Tax Bonds, Series B on December 1, 1993. The government authorized the second issuance of \$100,000 G.O. Limited Tax Bonds, Series C on June 1, 1996. The last bond payment was made on January 4, 2004, for \$10,000.

Semi-annual interest on the \$100,000 G.O. Limited Tax Bonds of 1993, dated December 1993, was payable on June 1 and December 1 of each year, beginning June 1, 1995. The last payment was made January 4, 2004.

Semi-annual interest on the \$100,000 G.O. Limited Tax Bonds of 1996, dated June 1, 1996, was payable on January 1 and July 1 of each year beginning July 1, 1997. Total interest and fiscal agent fees paid during the fiscal year ended June 30, 2004, was \$2,771. The last bond payment was made on June 3, 2004.

The funds to liquidate these bonds were provided by ad valorem taxation at a rate not to exceed 5 mills of all Greer County taxable property. On January 1, 2000, the County Treasurer was authorized to collect a .53 mill levy on all taxable property, to pay the interest on bonds, as it becomes due, and to establish a sinking fund for the payment of principal thereof according to law.

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

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.

5. Sales Tax

Effective January 1, 1985, the citizens of Greer County approved a one-cent sales tax for an unlimited time period, to be distributed in the following manner: 5% for free fair; 15% for OSU Extension; and 80% to the county general fund. For the fiscal year ended June 30, 2004, \$249,738 was collected. Greer County also collected \$9,824 in user tax, which is distributed to the general fund.

Effective October 1, 2002, the citizens of Greer County approved a five-percent tax (5%) of unlimited duration, in which gross proceeds derived from the service of furnishing of rooms by hotels, apartment hotels, or motels and from the furnishing of any other facility for public lodging. The net revenues from such lodging tax will be apportioned to the Economic Development Authority and the general fund of Greer County. For the fiscal year ended June 30, 2004, \$70,653 was collected.

County Commissioners Resolution 99-12 was passed May 3, 1999, terminating the second one-cent tax approved July 1, 1997 through June 30, 2002, for the purpose of funding Greer County Industrial Authority in its attempt to secure and develop industry within or near Greer County. The termination was effective May 31, 1999. A balance of \$391,869 remains to be disbursed for industrial development.

**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  
GREER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Greer County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 6, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and 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 Greer 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 an opinion 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. Reportable conditions are described in the accompanying schedule of findings as items 2001-2, 2004-2 and 2004-4.

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 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 items 2001-2 and 2004-4 to be material weaknesses.

### Compliance and Other Matters

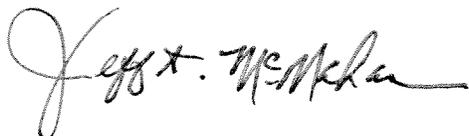
As part of obtaining reasonable assurance about whether Greer County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 certain matters that we reported to management of Greer County and are included in Section 2 of the schedule of findings, contained in this report.

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 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

September 6, 2005

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

**Finding 2001-2 - Segregation of Duties (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Due to the limited number of employees in the offices, there are individuals who are primarily responsible for all or most of the calculating, reviewing, approving, disbursing and reporting of disbursements from official depository accounts.

Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. It is desirable to review transactions and cross train employees to perform various duties, and then periodically change the division of the duties. This would provide some level of segregation of duties and increase the possibility for the detection of errors and fraud.

Views of responsible officials and planned corrective actions: Management is aware of the situation, and will conduct periodic reviews of operations.

**Finding 2004-2 - Safeguarding of Inmate Trust Cash Funds**

Criteria: Effective internal controls include cash receipts be handled in a manner that will provide reasonable safeguards against theft and misappropriation.

Condition: During interviews with Sheriff personnel, it was determined that cash being kept in trust for inmates was being filed in envelopes in a padlocked file cabinet in the front office. The front door was glass, and the office was not protected by any type of alarm system. A verification of the inmate cash on hand indicated approximately \$2,800 in cash and one check for \$88.20, with one inmate envelope containing \$2,724 cash.

Recommendation: We recommend the Sheriff obtain a safe deposit box at a local bank, for the purpose of storing any large amounts of inmate trust cash, or deposit these funds in a separate bank account entitled, Inmate Trust Cash.

Views of responsible officials and planned corrective actions: The Sheriff will establish an account at the local bank with three signatures for each check written to the inmate when departing the jail.

**Finding 2004-4 - Segregation of Duties for County Sheriff**

Criteria: Whenever one individual has control over the entire accounting transaction (e.g. authorization, recording, reporting, etc.), internal controls are ineffective. Ideally, the duties of receiving and opening mail, writing cash receipts, preparing deposits, delivering deposits to the treasurer, and reconciling the official depository account balance should all be done by different individuals.

Condition: During our audit, it was determined that the Sheriff's administrative assistant was the only staff member with knowledge of how to use the computer to make deposit slips, to maintain and report the jail log, to create the receiving reports for purchasing, to create and account for invoices for prisoners housed for other agencies, to record and report leave balances for staff, and to track appropriation account balances.

Effect: Failure to segregate duties and adequately cross train other staff can put the office at higher risk for misappropriation of assets and for administrative problems in the event a key employee leaves for other employment or becomes incapacitated.

Recommendation: We recommend the Sheriff establish and implement a policy to cross train staff to perform the various administrative functions in the office. We additionally recommend the Sheriff, Under-sheriff or other deputy should be assigned the task of sorting and opening the mail, logging any payments, and delivering the sheriff service fees to the administrative assistant for deposit in the Sheriff's official depository account. Further, we recommend other payments (such as DOC, SBC and grant checks) should be immediately taken to the treasurer's office, and the treasurer's miscellaneous receipt returned to the administrative assistant so she can update her records.

Views of responsible officials and planned corrective actions: Management is aware of the situation and will conduct periodic reviews of operations.

**SECTION 2 - This section contains matters not required to be reported in 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*, 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 2003-1 - Timely Encumbrance of Funds (Repeat Finding)**

Criteria: Title 19 O.S. 2001, §1505.D.1 & 2 states, "The procedure for the purchase of ... shall be as follows: a. The county purchasing agent shall prepare a purchase order ...and submit it ... to the county clerk; b. the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order; ..." In addition, 19 O.S. 2001, §1505.E.2. states, "...Upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered; 3. If no such purchase order has been provided the receiving officer shall refuse delivery of the item..." Additionally, in accordance with 62 O.S. 2001, §310.8, "prior to payment, the requesting officer

**GREER COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2004**

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shall verify the blanket purchase order by signature...and before transacting any purchase pursuant to a blanket purchase, the Board of Commissioners shall approve as such.”

Condition: The County Sheriff purchased goods during each month, but did not encumber funds for those goods until the end of the month. Items such as groceries for prisoners and supplies for the jail were purchased without proper encumbrance. Of 25 purchase orders tested for the County Sheriff, 5 were noted in which goods and/or services were received prior to funds being encumbered from the Sheriff Service Fee Account and the Sheriff Board of Prisoners Account. Of the remaining 20 purchase orders tested, 4 exceptions were noted in which goods and/or services were received prior to funds being encumbered in the general government account, highway fund and OSU Extension account.

Recommendation: We recommend the County Sheriff and other officials comply with 19 O.S. 2001, §1505.D.1 & 2 and encumber all funds prior to receiving goods and/or services.

Views of responsible officials and planned corrective actions: The County offices will endeavor to comply with statute requirements, by encumbering purchase orders prior to purchasing supplies and groceries for the jail.

**Finding 2004-1 - Sheriff Filing Fees**

Criteria: Effective internal controls include cash receipts be handled in a manner that is consistent with standard procedures and that documentation of revenue transactions is adequate to provide accountability for the revenue received. Title 20 O.S. 2001, § 13 requires the court clerk to collect a filing fee of \$10 when a court case is filed.

Condition: During the course of test work for the cash bonds received by the Sheriff of the Mangum Police Department, we noted receipts in the amount of \$10 for “filing fees”. Some receipts did not indicate what individual or case number the filing fee was for, and therefore could not be traced to a case.

Recommendation: We recommend the collection of these filing fees by the Sheriff/Mangum Police Department be discontinued immediately, and the Court Clerk assess and collect these fees in the same manner as other court fees are collected in accordance with 20 O.S. 2001, § 13.

Views of responsible officials and planned corrective actions: The Sheriff believes the City of Mangum was collecting this fee. The Court Clerk stated this fee is no longer being collected by the City of Mangum; however, the Court Clerk will at this time, assess and collect the fee.

**Finding 2004-3 - Official Depository - Timely Official Depository Deposits**

Criteria: Title 19 O.S. 2001, § 682 requires, “each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository...all monies, checks, drafts, orders, vouchers, funds, rental, penalties, costs proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...”

Condition: Subsequent to the end of fiscal year 2003-2004, we noted that in the County Sheriff's office, 63 official depository deposits were not timely deposited with the County Treasurer. We also noted that only checks were deposited for the period beginning July 1, 2003 to June 30, 2005. In many months, there were only 1 or 2 deposits made to the Sheriff's official depository account for that month.

Cause: The Sheriff's administrative assistant indicated the reduced number of deposits was an attempt to implement a prior audit recommendation to increase the segregation of duties by having someone other than the administrative assistant take the deposit to the Treasurer.

Effect: Failure to deposit daily increases the risk for theft, diversion of funds, accidental loss or misplacement of the funds to be deposited. Delays in deposits of funds also result in failure to maximize the interest earned on county funds.

Recommendation: We recommend the Sheriff's office immediately begin the daily deposit of any funds received under color of office, as required by 19 O.S. 2001, § 682.

Views of responsible officials and planned corrective actions: The Sheriff stated that his administrative assistant will make daily deposits when money is collected.

**STATISTICAL SECTION**  
**(Unaudited)**

**GREER COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)**

<b>TAXPAYER</b>	<b>JANUARY 1, 2003 NET ASSESSED VALUATION</b>	<b>% OF TOTAL NET VALUATION</b>
Southwestern Bell Telephone	\$ 807,372	3.37%
Mangum Brick Company Inc.	586,412	2.45%
Centerpoint Energy	509,157	2.13%
Shamrock Pipeline Corp	156,571	0.65%
Merritt, Jack H. Sr.	143,180	0.60%
Granite Farmers Coop	133,088	0.56%
SW Oklahoma Telephone Co.	128,575	0.54%
Clint-Co Peanut Company	119,695	0.50%
Remangum, LLC	119,681	0.50%
Nesmith, Clinton & Verna	109,730	0.45%
Total	<u>\$ 2,813,461</u>	<u>11.75%</u>

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

**GREER COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)**

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Total net assessed value as of January 1, 2003		<u>\$ 23,941,125</u>
Debt limit - 5% of total assessed value		1,197,056
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>113</u>	<u>-</u>
Legal debt margin		<u>\$ 1,197,056</u>

**GREER COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (UNAUDITED)**

	2004
Estimated population	6,061
Net assessed value as of January 1, 2003	\$ 23,941,125
Gross bonded debt	-
Less available sinking fund cash balance	113
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**GREER COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (UNAUDITED)**

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<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>
1/1/2003	\$4,744,640	\$2,234,921	\$18,608,809	\$1,647,245	\$23,941,125	\$3,455,433