

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

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$93.13. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

March 24, 2006

TO THE CITIZENS OF
GREER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Greer 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". The signature is written in black ink and is positioned above the printed name and title.

JEFF A. McMAHAN
State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Greer 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	11
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	13
Detailed Schedule of Receipts, Disbursements, and Changes in Cash Balances—Sinking Fund	14
Notes to Other Supplementary Information.....	15

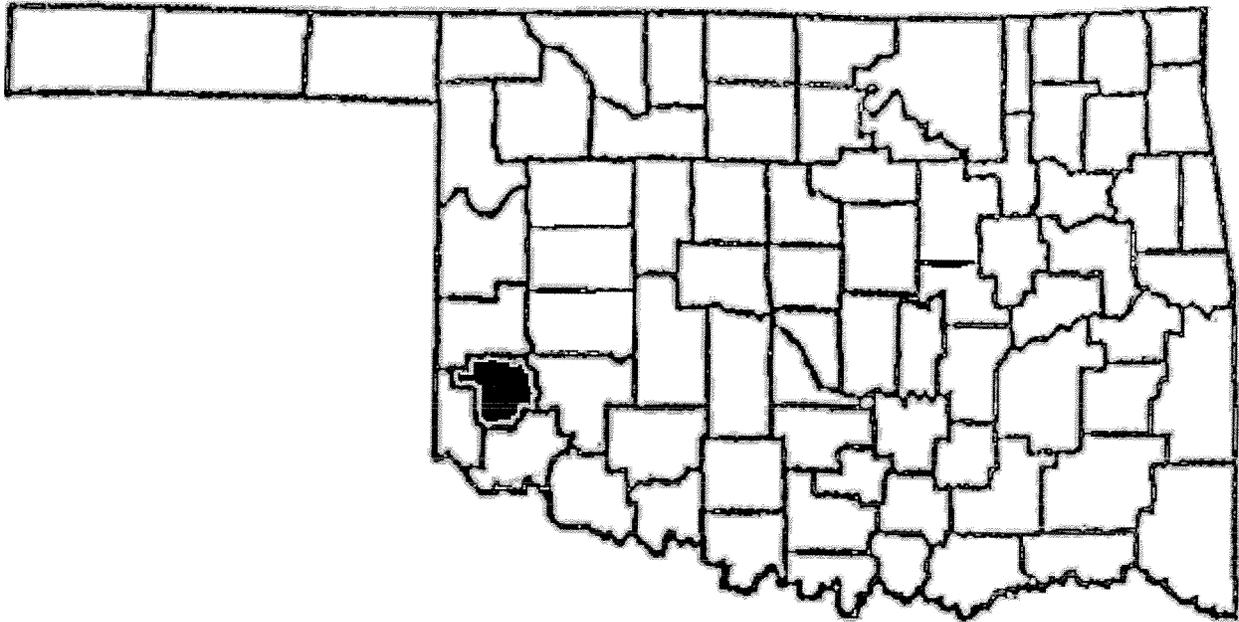
**GREER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
Government Auditing Standards 16

Schedule of Findings and Responses..... 18

REPORT TO THE CITIZENS
OF
GREER COUNTY, OKLAHOMA



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 - 643.66 Square Miles

County Population - 5,849
(2004 est.)

Farms - 515

Land in Farms - 324,987 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

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

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

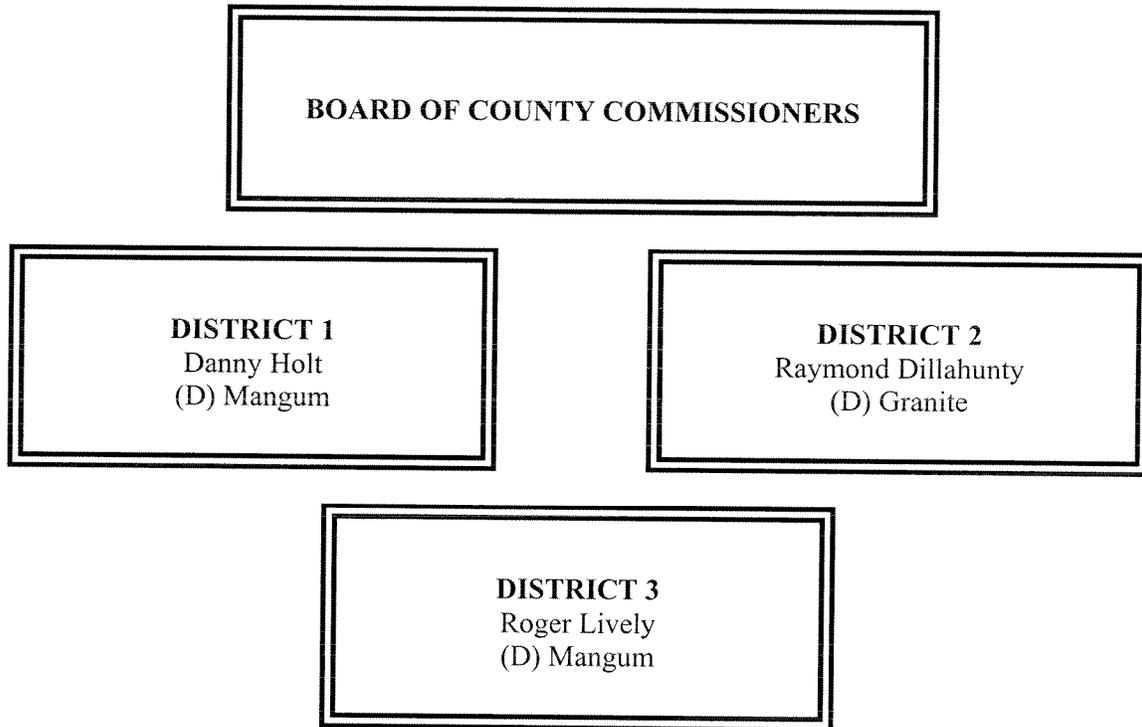
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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
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.

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

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) Mangum

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<p>ELECTION BOARD SECRETARY Claudia Boyle (D) Mangum</p>

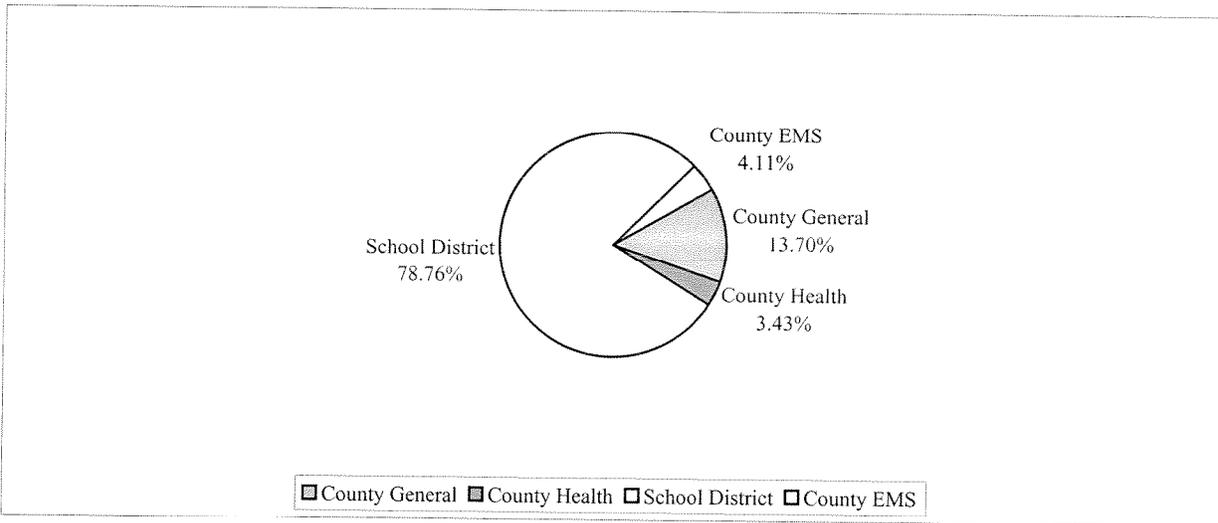
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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
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	10.00	Mangum	No.1	35.00	5.00	11.48		4.00	55.48
County Health	2.50	Granite	No.3	35.00	5.00	4.44	10.00	4.00	58.44
County EMS	3.00	S.D.	66-H	35.00	5.00			4.00	44.00
		S.D.	I-J	35.00	5.00	4.70	10.00	4.00	58.70
		S.D.	14J	35.00	5.00	9.82	10.00	4.00	63.82
		S.D.	54J	35.00	5.00	11.03	10.00	4.00	65.03
		S.D.	2K	35.00	5.00	6.43	12.00	4.00	62.43
		S.D.	31B	35.00	5.00	7.58	12.00	4.00	63.58
		S.D.	2BMC	35.00	5.00	8.67		4.00	52.67
		S.D.	51B	35.00	5.00	6.91		4.00	50.91

See independent auditor's report.

GREER 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>\$ 23,951,727</u>
Debt limit - 5% of total assessed value		1,197,586
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>28</u>	<u>-</u>
Legal debt margin		<u>\$ 1,197,586</u>

See independent auditor's report.

GREER 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	5,849
Net assessed value as of January 1, 2004	\$ 23,951,727
Gross bonded debt	-
Less available sinking fund cash balance	28
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**GREER 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	\$4,481,014	\$2,296,581	\$18,784,002	\$1,609,870	\$23,951,727	\$196,457,459

See independent auditor's report.

FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
GREER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Greer 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 Greer 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 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 Greer 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 Greer 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 March 20, 2006, 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 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. 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.

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

March 20, 2006

Basic Financial Statement

GREER 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	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:				
County General Fund	\$ 206,123	\$ 673,412	\$ 675,238	\$ 204,297
County Highway Cash	987,092	1,818,741	1,951,291	854,542
County Health Department	48,833	153,069	148,278	53,624
Resale Property	38,021	35,397	45,495	27,923
Treasurer Mortgage Tax Certification Fee	3,157	2,025	1,869	3,313
County Clerk Lien Fee	445	2,989	1,990	1,444
County Clerk Records Preservation Fee	7,156	8,850	5,372	10,634
County Assessor Revolving	1,876	2,639	2,217	2,298
County Assessor Visual Inspection	95		95	
Sheriff Service Fee	4,833	33,000	22,906	14,927
Sheriff Board of Prisoners	7,757	218,640	200,456	25,941
Sheriff Training	61			61
Sheriff Drug Enforcement	151		50	101
OSU Extension Sales Tax	34,019	35,248	41,415	27,852
Free Fair Sales Tax	15,485	12,949	11,268	17,166
Homeland Security Grant	4,938		3,509	1,429
Development of Industry		22,150		22,150
General Obligation Bond Sinking	113	777	862	28
Combined Total--All County Funds	\$ 1,360,155	\$ 3,019,886	\$ 3,112,311	\$ 1,267,730

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

**GREER 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 Greer 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:

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

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

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

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 disbursement of the funds as restricted by statute.

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

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

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.

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

County 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 Board of Prisoners - accounts for the collections for state held prisoners and disbursements 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.

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.

Homeland Security Grant – 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.

General Obligation Bond 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. There was no outstanding debt at June 30, 2005. The collection of prior year ad valorem taxes resulted in receipts of \$777 and the disbursement was for the payment of one coupon for the prior 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, 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.

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

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 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

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

- 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 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.

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 \$23,951,727.

The County 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for county health department, and 3.00 mills for the emergency medical service. 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.

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

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 96.78 percent of the tax levy.

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.

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

Types of Loss	Method of Management	Risk of Loss Retained
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 \$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.

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.

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

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

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 \$145,352, \$130,484, and \$131,559, 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. 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

GREER 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	\$ 206,123	\$ 206,123	\$ 206,123	\$ -
Less: Prior Year Outstanding Warrants	(42,587)	(42,587)	(42,587)	
Beginning Cash Balances, Budgetary Basis	<u>163,536</u>	<u>163,536</u>	<u>163,536</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	217,743	217,743	236,574	18,831
Sales Tax	180,000	180,000	211,611	31,611
Charges for Services	20,750	20,750	26,017	5,267
Intergovernmental Revenues	70,600	156,867	129,289	(27,578)
Miscellaneous Revenues	15,000	15,000	69,921	54,921
Total Receipts, Budgetary Basis	<u>504,093</u>	<u>590,360</u>	<u>673,412</u>	<u>83,052</u>
Expenditures:				
District Attorney	1,666	1,666	1,446	220
Total District Attorney	<u>1,666</u>	<u>1,666</u>	<u>1,446</u>	<u>220</u>
County Sheriff	99,714	99,714	99,653	61
Total County Sheriff	<u>99,714</u>	<u>99,714</u>	<u>99,653</u>	<u>61</u>
County Treasurer	49,600	49,600	49,469	131
Total County Treasurer	<u>49,600</u>	<u>49,600</u>	<u>49,469</u>	<u>131</u>
County Clerk	53,700	53,700	52,682	1,018
Capital Outlay	10	10		10
Total County Clerk	<u>53,710</u>	<u>53,710</u>	<u>52,682</u>	<u>1,028</u>
Court Clerk	50,020	50,020	49,960	60
Total Court Clerk	<u>50,020</u>	<u>50,020</u>	<u>49,960</u>	<u>60</u>
County Assessor	50,000	50,000	49,592	408
Capital Outlay	100	100		100
Total County Assessor	<u>50,100</u>	<u>50,100</u>	<u>49,592</u>	<u>508</u>
Revaluation of Real Property	34,000	43,413	34,797	8,616
Capital Outlay		1,067	263	804
Total Revaluation of Real Property	<u>34,000</u>	<u>44,480</u>	<u>35,060</u>	<u>9,420</u>

continued on next page

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

GREER 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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	132,163	201,950	136,878	65,072
Capital Outlay	10	10		10
Total General Government	<u>132,173</u>	<u>201,960</u>	<u>136,878</u>	<u>65,082</u>
Excise-Equalization Board	3,500	3,500	3,209	291
Total Excise-Equalization Board	<u>3,500</u>	<u>3,500</u>	<u>3,209</u>	<u>291</u>
County Election Board	43,758	43,933	42,112	1,821
Capital Outlay	10	10		10
Total County Election Board	<u>43,768</u>	<u>43,943</u>	<u>42,112</u>	<u>1,831</u>
Insurance	144,950	150,775	145,051	5,724
Total Insurance	<u>144,950</u>	<u>150,775</u>	<u>145,051</u>	<u>5,724</u>
County Audit Budget Account	4,428	4,428	4,428	
Total County Audit Budget Account	<u>4,428</u>	<u>4,428</u>	<u>4,428</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>667,629</u>	<u>753,896</u>	<u>669,540</u>	<u>84,356</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	167,408	<u>\$ 167,408</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			36,889	
Ending Cash Balance			<u>\$ 204,297</u>	

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

GREER 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	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 48,833	\$ 48,833	\$ 48,833	\$ -
Less: Prior Year Outstanding Warrants	(11,440)	(11,440)	(11,440)	
Beginning Cash Balances, Budgetary Basis	<u>37,393</u>	<u>37,393</u>	<u>37,393</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	54,436	54,436	59,143	4,707
Intergovernmental	91,433	93,886	93,926	40
Total Receipts, Budgetary Basis	<u>145,869</u>	<u>148,322</u>	<u>153,069</u>	<u>4,747</u>
Expenditures:				
Health and Welfare	158,000	161,953	151,403	10,550
Capital Outlay	25,262	23,762	699	23,063
Total Expenditures, Budgetary Basis	<u>183,262</u>	<u>185,715</u>	<u>152,102</u>	<u>33,613</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	38,360	<u>\$ 38,360</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			15,264	
Ending Cash Balance			<u>\$ 53,624</u>	

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

**GREER 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	<u>\$ 113</u>
Receipts:	
Ad Valorem Tax	<u>777</u>
Total Receipts	<u>777</u>
Disbursements:	
Transfer Out	<u>862</u>
Total Disbursements	<u>862</u>
Ending Cash Balance	<u><u>\$ 28</u></u>

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

GREER 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.

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
*Government Auditing Standards***

TO THE OFFICERS OF
GREER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Greer County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Greer County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 20, 2006. 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 Greer 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 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 Greer County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2001-2, 2004-4 and 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, 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 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 certain matters that we reported to the management of Greer County, which are included in Section 2 of the schedule of findings and responses contained in this report.

This report is intended solely for the information and use of the management of Greer County 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. McMahar". The signature is written in a cursive style with a large initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

March 20, 2006

**GREER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 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 improprieties.

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

Finding 2004-4 - Segregation of Duties for County Sheriff (Repeat Finding)

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.

**GREER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 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) be immediately taken to the Treasurer's office, and the Treasurer's miscellaneous receipt returned to the administrative assistant so records can be updated.

Views of responsible officials and planned corrective actions: The Under-Sheriff now oversees time reporting, annual, sick, and comp time. The Sheriff and Under-Sheriff open mail, and the administrative assistant does bookkeeping. The Sheriff or Under-Sheriff makes the deposit with the Treasurer. The administrative assistant creates the jail log and the jail administrator approves activity for the month. The Under-Sheriff encumbers blanket purchase orders at the second meeting of the month and the Board of County Commissioners approves the purchase orders. The changes were implemented in February of 2006.

Finding 2005-1 - Housing of City Prisoners

Criteria: Effective internal controls require that contracts between government entities be reviewed annually and be updated to reflect the parties' agreement for services.

Condition: The contract between the City of Mangum and the Board of County Commissioners for housing city prisoners has not been reviewed since it was signed February 23, 1981.

Recommendation: We recommend all contracts be renewed on a yearly basis to provide effective internal controls over service agreements with the two governmental entities.

Views of responsible officials and planned corrective actions: The City of Mangum and the Greer County Board of County Commissioners appointed members to the Greer County Jail Advisory Board and the attorneys for both entities are in the process of updating the contract to be completed by July 1, 2006.

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

Finding 2004-2 - Safeguarding of Inmate Trust Cash Funds (Repeat Finding)

Criteria: Title 19 § 531.A. states, "Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall

**GREER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

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.

Recommendation: We recommend the Sheriff deposit these funds in a separate bank account entitled Inmate Trust Fund Checking Account as provided by 19 O.S. § 531.A.

Views of responsible officials and planned corrective actions: The Sheriff opened an inmate trust checking account at the local bank in February of 2006. The account is used to deposit inmate funds and checks are written to inmates upon leaving the jail or purchasing commissary items.

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 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. In the audit of 100% of maintenance and operations (151 purchase orders) for the Sheriff Service Fee, Sheriff Department of Corrections, Sheriff Department of Corrections Grant, and the Sheriff General Fund, a total of 127 purchase orders were encumbered after goods and/or services were received (84%).

Recommendation: We recommend the County Sheriff 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: Funds are timely encumbered by the Under-Sheriff prior to receiving goods and services as of January 10, 2006.

**GREER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Finding 2004-3 - Official Depository - Timely Official Depository Deposits (Repeat Finding)

Criteria: Title 19 O.S. § 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, rentals, 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: We noted that only checks were deposited for the period beginning July 1, 2004 to June 30, 2005. In many months, there were only one or two 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 due to the lack of office personnel available to take the deposit to the Treasurer's office.

Effect: Failure to make daily deposits 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. § 682.

Views of responsible officials and planned corrective actions: Deposits are made at least three times a week by the Under-Sheriff or Sheriff.

Finding 2005-2 - Encumbrance of Goods and Services

Criteria: Title 19 O.S. § 1505.D (1) states, "The procedure for the purchase of ...shall be as follows: (1a) The county purchasing agent shall prepare a purchase order...and submit it...to the county clerk; (1b) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order..."

Additionally, 19 O.S. § 1505.E.10. states, "Upon receipt of an invoice, the county clerk shall compare the following documents:

- a. Requisition,
- b. purchase order,
- c. invoice...,
- d. receiving report, and
- e. delivery document."

Also, according to the Purchasing Handbook, all of the documents above should be compared and the purchase order paid if all agree in quantity and quality.

**GREER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Condition: Subsequent to the end of fiscal year June 30, 2005, goods and services had been received by the County Sheriff in the amount of \$9,773.46, as of January 6, 2006. These goods and/or services had been received (charged) by the County Sheriff, although no funds had been encumbered.

Recommendation: We recommend the County Sheriff encumber funds prior to receiving goods and/or services in accordance with 19 O.S. § 1505.D(1)(2). We further recommend the Board of County Commissioners monitor spending practices in the Sheriff's office and seek legal advice concerning the payment of invoices charged to the County Sheriff without proper encumbrance of funds.

Views of responsible officials and planned corrective actions: The funds to pay these unencumbered invoices have been paid from the general fund (general government account) as of February 6, 2006.

Contact: State Auditor and Inspector Jeff McMahan
Room 100 State Capitol Building
Oklahoma City, OK 73105
Phone: 405-521-3495

March 27, 2006
FOR IMMEDIATE RELEASE

STATE AUDIT RELEASED ON GREER COUNTY

(OKLAHOMA CITY) State Auditor and Inspector Jeff McMahan has released the Greer County financial audit for the fiscal year ending June 30, 2005. Oklahoma law requires that the books, records and accounts of each county in Oklahoma be audited and the results be made a public record.

“We appreciate the diligence of the officials and employees of Greer County and their efforts in performing their duties and responsibilities,” McMahan said.

“Accountability in government is extremely important and the citizens of Greer County should be assured that their tax dollars are being examined and the financial condition reported,” he added.

County government audits are conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States of America. The report is on file at the Greer County Clerk’s office or may be accessed at www.sai.state.ok.us. Copies may also be obtained by contacting the Office of the State Auditor and Inspector, Room 100 State Capitol Building, Oklahoma City, Oklahoma 73105.