

**GREER COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2002**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

July 24, 2003

TO THE CITIZENS OF  
GREER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Greer County, Oklahoma, for the fiscal year ended June 30, 2002. 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,

A handwritten signature in black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**GREER COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**GREER COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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COMPLIANCE/INTERNAL CONTROL SECTION

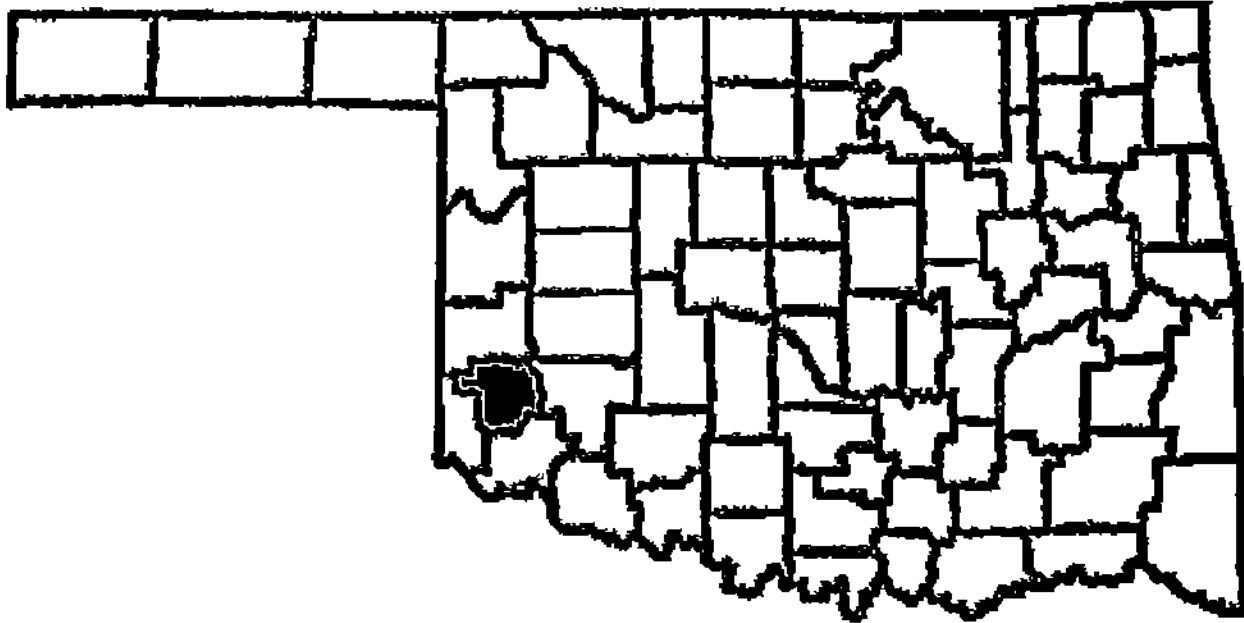
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REPORT TO THE CITIZENS  
OF  
GREER COUNTY, OKLAHOMA

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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 - 6,387  
(1999 est.)

Farms - 478

Land in Farms - 314,416 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**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.

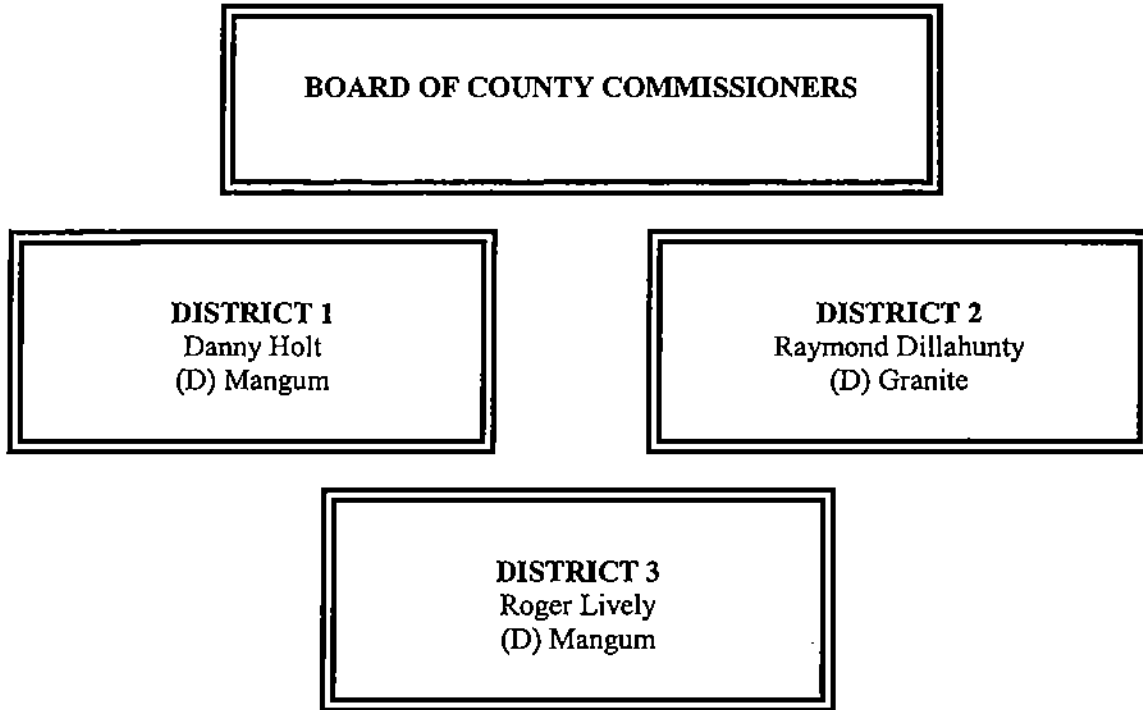
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**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.

**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) 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.



**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**  
Richard Dugger  
(D) Elk City

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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

Claudia Boyle

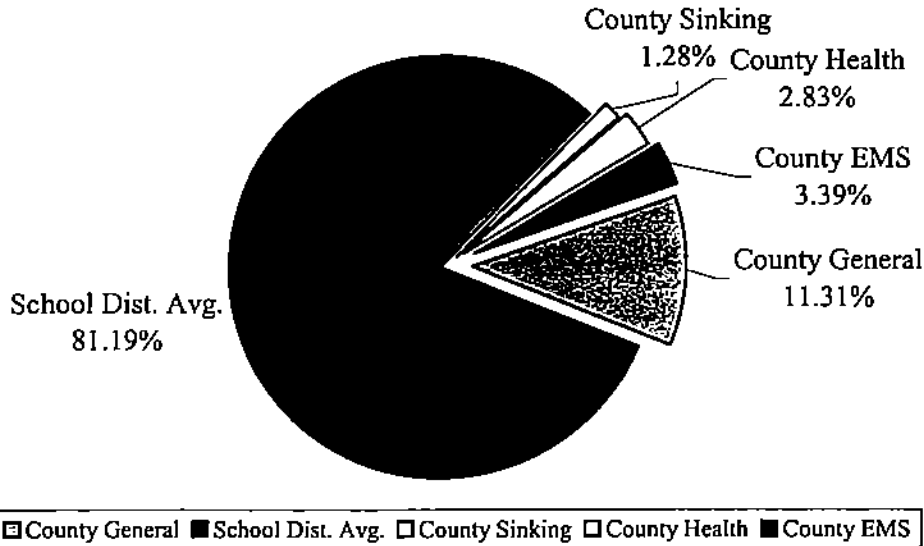
(D) Mangum

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.

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

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



County-Wide Millages		School District Millages						
			Gen.	Bldg.	Skg.	Vo-Tech	Common	Total
Co. General	10.00	Mangum City No. 1	35.00	5.00	14.17		4.00	58.17
County Health	2.50	Mangum TWP.S.D. No 1	35.00	5.00	14.17		4.00	58.17
County Sinking	1.13	Granite City No. 3	35.00	5.00	4.64	10.00	4.00	58.64
County EMS	3.00	Granite TWP.S.D. No 3	35.00	5.00	4.64	10.00	4.00	58.64
		S.D. 66-H	35.00	5.00			4.00	44.00
		S.D. 1-J	35.00	5.00	5.46	10.00	4.00	59.46
		S.D. 14-J	35.00	5.00	5.58	10.00	4.00	59.58
		S.D. 54-J	35.00	5.00		10.00	4.00	54.00
		S.D. 2-K	35.00	5.00	5.95	12.00	4.00	61.95
		S.D. 31-B	35.00	5.00	19.49	12.00	4.00	75.49
		S.D. 50-B	35.00	5.00	6.65	12.00	4.00	62.65
		S.D. 51-B	35.00	5.00	7.04		4.00	51.04

See independent auditor's report.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
GREER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Greer County, Oklahoma, as of and for the year ended June 30, 2002, 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.

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 fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Greer County.

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, 2002, in conformity with the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

This report is intended solely for the information and use of the management of the County 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

July 7, 2003

**Special-Purpose Financial Statements**

**GREER COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED, JUNE 30, 2002**

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County General Fund	\$ 194,702	\$ 570,494	\$ 600,625	\$	\$ 164,571
Highway Cash	907,377	1,874,809	1,597,078		1,185,108
County Health Department	30,614	65,669	58,757		37,526
Resale Property	29,031	21,686	23,749		26,968
Treasurer Mortgage Tax					
Certification Fee	11,728	1,695	11,318		2,105
County Clerk Lien Fee	557	2,172	1,372		1,357
County Clerk Records Preservation Fee		7,530	3,430		4,100
Assessor Visual Inspection	3,880	52	2,782		1,150
Sheriff Service Fee	13,780	21,439	29,413		5,806
Sheriff Department of Corrections	30,681	102,687	110,683		22,685
Sheriff Training	166		105		61
Sheriff Drug Enforcement	751		600		151
Sheriff COPS Grant	6,564	20,000	26,264		300
District Attorney Child Protection	1,200				1,200
Sales Tax:					
OSU Extension	29,793	34,513	32,948		31,358
Free Fair	15,923	11,523	12,873		14,573
CDBG Elevator		16,365	16,365		
Development of Industry	23,689	4,500	88		28,101
GOB Sinking	46,369	27,145	39,727		33,787
Schools	19,047	1,395,103	1,387,500		26,650
Cities and Towns	5,652	79,144	79,372		5,424
Emergency Medical Service	922	42,819	43,360		381
Metropolitan Planning Commission	25				25
Official Depository	205,944	829,072	594,027	1,739	442,728
Protest Tax	1,108				1,108
Industrial Authority Sales Tax	368,987	4,571			373,558
Industrial Trust	564				564
<b>Total County Funds</b>	<u>\$ 1,949,054</u>	<u>\$ 5,132,988</u>	<u>\$ 4,672,436</u>	<u>\$ 1,739</u>	<u>\$ 2,411,345</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 - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 194,702	\$ 194,702	\$ 194,702	\$ -
Less: Prior Year Outstanding Warrants	(41,760)	(41,760)	(41,760)	
Less: Prior Year Encumbrances				
Beginning Cash Balances, Budgetary Basis	<u>152,942</u>	<u>152,942</u>	<u>152,942</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	210,519	210,519	230,508	19,989
Sales Tax	156,373	156,373	184,056	27,683
Charges for Services	25,601	25,601	22,746	(2,855)
Intergovernmental Revenues	62,137	67,807	91,061	23,254
Miscellaneous Revenues	61,534	61,534	42,122	(19,412)
Total Receipts, Budgetary Basis	<u>516,164</u>	<u>521,834</u>	<u>570,493</u>	<u>48,659</u>
Disbursements:				
District Attorney	1,600	1,600	1,592	8
Capital Outlay				
Total District Attorney	<u>1,600</u>	<u>1,600</u>	<u>1,592</u>	<u>8</u>
County Sheriff	115,000	115,000	106,730	8,270
Capital Outlay				
Total County Sheriff	<u>115,000</u>	<u>115,000</u>	<u>106,730</u>	<u>8,270</u>
County Treasurer	47,600	48,333	46,620	1,713
Capital Outlay	10	10		10
Total County Treasurer	<u>47,610</u>	<u>48,343</u>	<u>46,620</u>	<u>1,723</u>
County Commissioners	4,000	4,000	2,813	1,187
Capital Outlay				
Total County Commissioners	<u>4,000</u>	<u>4,000</u>	<u>2,813</u>	<u>1,187</u>
County Clerk	48,700	50,433	48,488	1,945
Capital Outlay	10	10		10
Total County Clerk	<u>48,710</u>	<u>50,443</u>	<u>48,488</u>	<u>1,955</u>
Court Clerk	44,620	45,353	44,562	791
Capital Outlay				
Total Court Clerk	<u>44,620</u>	<u>45,353</u>	<u>44,562</u>	<u>791</u>
County Assessor	46,700	47,043	46,368	675
Capital Outlay	10	400	400	
Total County Assessor	<u>46,710</u>	<u>47,443</u>	<u>46,768</u>	<u>675</u>
Revaluation of Real Property	47,269	47,269	33,458	13,811
Capital Outlay	6,460	6,460		6,460
Total Revaluation of Real Property	<u>53,729</u>	<u>53,729</u>	<u>33,458</u>	<u>20,271</u>
General Government	114,683	126,421	107,018	19,403
Capital Outlay	5,000			
Total General Government	<u>119,683</u>	<u>126,421</u>	<u>107,018</u>	<u>19,403</u>
Excise-Equalization Board	3,500	3,500	2,702	798
Capital Outlay				
Total Excise-Equalization Board	<u>3,500</u>	<u>3,500</u>	<u>2,702</u>	<u>798</u>
County Election Board	44,568	44,568	40,288	4,280
Capital Outlay	10	10		10
Total County Election Board	<u>44,578</u>	<u>44,578</u>	<u>40,288</u>	<u>4,290</u>
Total Insurance	<u>131,000</u>	<u>126,000</u>	<u>122,194</u>	<u>3,806</u>

continued on next page

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 - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Charity	\$ 500	\$ 500	\$ 71	\$ 429
Capital Outlay				
Total Charity	500	500	71	429
Safety	4,000	4,000	3,895	105
Capital Outlay	350	350		350
Total Safety	4,350	4,350	3,895	455
Metro Area Planning Commission	1,200	1,200	900	300
Capital Outlay				
Total Metro Area Planning Commission	1,200	1,200	900	300
County Audit Budget	2,316	2,316	2,316	
Capital Outlay				
Total County Audit Budget	2,316	2,316	2,316	-
Total Disbursements, Budgetary Basis	<u>669,106</u>	<u>674,776</u>	<u>610,415</u>	<u>64,361</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	113,020	<u>\$ 113,020</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			7,500	
Add: Current Year Outstanding Warrants			40,127	
Add: Estopped Warrants			<u>3,924</u>	
Ending Cash Balance			<u>\$ 164,571</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 - BUDGET AND ACTUAL  
COUNTY HEALTH DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2002**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances:	\$ 30,614	\$ 30,614	\$ 30,614	\$ -
Less: Prior Year Outstanding Warrants	(5,638)	(5,638)	(5,638)	
Less: Prior Year Encumbrances				
Beginning Cash Balances, Budgetary Basis	<u>24,976</u>	<u>24,976</u>	<u>24,976</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	52,630	52,630	57,494	4,864
Charges for Services		7,066	7,066	
Intergovernmental			34	
Miscellaneous Revenues		1,074	1,074	
Total Receipts, Budgetary Basis	<u>52,630</u>	<u>60,770</u>	<u>65,668</u>	<u>4,898</u>
Disbursements:				
Health and Welfare	58,000	65,567	52,418	13,149
Capital Outlay	19,606	20,179	12,745	7,434
Total Disbursements, Budgetary Basis	<u>77,606</u>	<u>85,746</u>	<u>65,163</u>	<u>20,583</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>-</u>	<u>-</u>	25,481	<u>25,481</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances:				
Add: Current Year Encumbrances			10,533	
Current Year Outstanding Warrants			889	
Adjustment to prior year reserved for encumbrances			<u>623</u>	
Ending Cash Balance			<u>\$ 37,526</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 – SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

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Beginning Cash Balance	<u>\$ 46,369</u>
Receipts:	
Ad Valorem Tax	26,056
Miscellaneous	<u>1,089</u>
Total Receipts	<u>27,145</u>
Disbursements:	
G.O. Bonds	35,000
Fiscal Agent Charges	188
Interest Paid	<u>4,539</u>
Total Disbursements	<u>39,727</u>
Ending Cash Balance	<u><u>\$ 33,787</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, 2002**

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Court	\$ 183,381	\$ 515,698	\$ 292,582	\$ 1,295	\$ 407,792
Court Fund	11,116	162,932	163,730	93	10,411
Court Clerk Revolving Fund	806	952	1,072		686
County Treasurer		6,897	6,963	66	
County Treasurer Trust	8,824	30,714	33,073	16	6,481
Excess Resale	359	3,832	359		3,832
County Treasurer Motor Vehicle		340	340		
County Clerk		38,700	38,700		
County Sheriff	100	9,800	9,800		100
County Health Department		8,795	8,795		
County Election Board	33	6,990	7,160	169	32
District Attorney Victim Restitution	1,258	41,822	29,833	100	13,347
District Attorney Witness Fee	67	1,600	1,620		47
<b>Total Official Depository Accounts</b>	<b>\$ 205,944</b>	<b>\$ 829,072</b>	<b>\$ 594,027</b>	<b>\$ 1,739</b>	<b>\$ 442,728</b>

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

**Notes to the Financial Statements**

**GREER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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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 funds presented are established by statute, and their operations are under the control of the Board of County Commissioners. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

The financial statements are prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. This 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 and county health department fund.

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2002.

F. Risk Management

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

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

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

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

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$7,500 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

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

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2002 fiscal year.



Summary of Significant Accounting Policies (continued)

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.

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 130 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$2,411,345 and the bank balance was \$2,408,244. 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 authorizes the County Treasurer to invest in:

- 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

Detailed Notes on Account Balances (continued)

B. Description of Funds

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

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

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

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 with the Registrar of Deeds as restricted by statute for preservation of records.

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

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

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

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

Sheriff Drug Enforcement - accounts for the collection of drug forfeitures and disbursement 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.

District Attorney Child Protection - accounts for collections of state miscellaneous receipts and disbursement for the protection of children in related cases.

Detailed Notes on Account Balances (continued)

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

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

Community Development Block Grant Elevator - accounts for the collection of state grant money for the disbursement of installing an elevator in the courthouse to meet state requirements for the American Disabilities Act.

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 Bonds 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 levy 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 OTC 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 disbursement of community planning.

Protest Tax - accounts for collections of ad valorem taxes that have been protested by the property owner.

Industrial Development 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.

Industrial Trust - accounts held by the county for the Industrial Trust Authority. There has been no collection or disbursement in the last five years.

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

Detailed Notes on Account Balances (continued)

The following narrative details the official depository accounts.

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

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 Fund - accounts for the charge of \$5 for each warrant. Money is disbursed in the same manner as the court fund.

County Treasurer - accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile homes, and the sale of motor vehicle stamps. Disbursements are for the purpose of refunds and vehicle collections vouchers to OTC, schools, and the County Treasurer Mortgage Certification Fee Account.

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

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 the proceeds of the sale of motor vehicle stamps.

County Clerk - accounts for the collection of filing fees and disbursed to OTC and the County Clerk Lien 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 Sheriff - accounts for all collections of foreign service fees, bond monies, and state reimbursements for the boarding of prisoners. Monies are disbursed out to the Sheriff Service Fee Account, Sheriff DOC Account and District Court.

County Election Board - accounts for reimbursements of election and is disbursed 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 disbursed to individuals for restitution of destruction of property.

Detailed Notes on 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, 2001, was approximately \$23,157,050.

The County levied 10 mills (the legal maximum) for general fund operations and 2.50 mills for the county health department 1.13 mills for county sinking fund (debt service fund), and 3 mills for emergency medical service. 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, 2002, were approximately 96 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,

Detailed Notes on Account Balances (continued)

establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

E. Capital Leases

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

F. General Obligation Bonds

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

The County, through the Greer County Industrial Authority, issued \$200,000 in G.O. Limited Tax Bonds that was 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 funds to liquidate these bonds are to be 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 1.13 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.

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. General obligation bonds currently outstanding are as follows:

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

Detailed Notes on Account Balances (continued)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Greer County G.O. Limited Tax Bonds, Series B, dated December 1, 1993	3.5% to 4.5%	\$25,000
Greer County G.O. Limited Tax Bonds, Series C, dated June 1, 1996	5.25% to 5.95%	<u>40,000</u>
<b>Total</b>		<b><u>\$65,000</u></b>

Annual debt service requirements to maturity for general obligation bonds, including interest of \$4,145, are as follows:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$35,000	\$2,870	\$37,870
2004	<u>30,000</u>	<u>1,275</u>	<u>31,275</u>
Total	<u>\$65,000</u>	<u>\$4,145</u>	<u>\$69,145</u>

Semi-annual interest on the \$100,000 G.O. Limited Tax Bonds of 1993, dated December 1993, is payable on June 1 and December 1 of each year, beginning June 1, 1995. Total interest paid during the fiscal year ended June 30, 2002, was \$1,429.

Semi-annual interest on the \$100,000 G.O. Limited Tax Bonds of 1996, dated June 1, 1996, is 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, 2002, was \$3,235.

**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.

**GREER COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Contingent Liabilities (continued)

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, 2002, \$230,092 was collected. Greer County also collected \$6,387 in user tax that is apportioned to the general fund.

6. Subsequent Events

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 50% to the Local Economic Development and Community Development and 50% to the general fund of Greer County.



**Supplementary Schedule**

**GREER COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed through the State Department of Commerce:			
Community Development Block Grant/State's Program	14.228	8918	\$ 13,830
Community Development Block Grant/State's Program	14.228	9359	<u>2,535</u>
Total U.S. Department of Housing and Urban Development			<u>16,365</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Public Safety Partnership and Community			
Policing Grants (COPS)	16.71	n/a	<u>20,000</u>
Total U.S. Department of Justice			<u>20,000</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed Through Oklahoma Department of Civil Emergency Management:			
State and Local Assistance Grant Program	83.544	n/a	4,803
Public Assistance Grant Program	83.544	1355-DR-OK	268,173
Public Assistance Grant Program	83.544	1401-DR-OK	<u>11,899</u>
Total Federal Emergency Management Agency			<u>284,875</u>
Total Expenditures of Federal Awards			<u>\$ 321,240</u>

**GREER COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**Basis of Presentation**

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

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
GREER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Greer County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 7, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2001-2, 2002-1, 2002-2, 2002-3, 2002-4, and 2002-5.

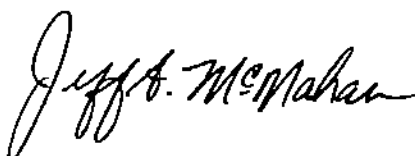
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions, we consider item 2001-2 to be a material weakness.

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

This report is intended solely for the information and use of the management of the County 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

July 7, 2003

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
GREER COUNTY, OKLAHOMA

We have audited the compliance of Greer County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. Greer County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Greer County's management. Our responsibility is to express an opinion on Greer County's compliance based on our audit.

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

In our opinion, Greer County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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



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

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

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

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

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 7, 2003

**Schedule of Findings and Questioned Costs**

**GREER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Federal Emergency Management Agency

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

Auditee qualified as low-risk auditee? No

**GREER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**SECTION 2 - Financial Statement Findings**

**Finding 2001-2 - Segregation of Duties - County Clerk, County Sheriff, and County Election Board**

**Criteria:** Good internal controls dictate that employees who process cash transactions be segregated from the duties of depositing funds, posting bookkeeping records, and reconciling reports of collections.

**Condition:** There is one employee in several offices that performs the duties of opening mail and totaling remittances, writes receipts and receives money, balances money received to daily receipts, prepares official depository tickets, takes deposit to the Treasurer, posts receipts to the ledger, and reconciles the official depository account to the Treasurer. In addition, the same employee calculates amounts vouchered to other funds or agencies, reviews the amounts vouchered, prepares the vouchers, signs the vouchers, posts the vouchers to a ledger and distributes the vouchers.

**Recommendation:** We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of county operations and a periodic review of operations.

**Finding 2002-1 - Pledged Collateral**

**Criteria:** Good accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, in accordance with 62 O.S. 2001, §511 through §513, the County Treasurer should have adequate pledged collateral to cover funds held in financial institutions for Greer County.

**Condition:** It was noted, for the high tax collection month of January 2002, the Greer County Treasurer was underpledged at the Guarantee State Bank. The bank balance for January 14, 2002, was \$2,822,594.55 and the pledged amount was \$1,959,651.62.

**Recommendation:** We recommend that funds be adequately covered by pledged collateral.

**Finding 2002-2 - Timely Encumbrance of Purchase Orders**

**Criteria:** Good accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, Title 19 O.S. 2001, §1505D(1)(2) states, "The procedure for the purchase of ... shall be as follows: (1) The county purchasing agent shall prepare a purchase order ... and submit it ... to the county clerk; (2) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order; ..." In addition, Title 19 O.S. 2001, §1505E(2)(3) 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, "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."

**GREER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2002**

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Condition: Three (3) instances of 30 purchase orders tested were noted in which goods or services were received prior to funds being encumbered.

<u>Account</u>	<u>P.O. #</u>	<u>Warr #</u>	<u>Encumbrance Date</u>	<u>Invoice Date</u>
T-Highway	830	517	9-28-01	9-25-01
Gen R-2	935	343	10-15-01	8-27-01
Sheriff B-5	1991	155	3-7-02	2-5-02

Additionally, two of the two blanket purchase orders tested were not designated as a "blanket purchase" on the invoices.

<u>Account</u>	<u>Vendor</u>	<u>P.O. #</u>	<u>Warr #</u>
T-Highway T-2	Caddel Auto Parts	576	433
T-Highway T-2	Yates Implement	2653	1729

Recommendation: We recommend the County place an emphasis on encumbering funds prior to receiving goods or services and documenting that purchases are designated as blanket purchases.

**Finding 2002-3 - Sheriff Cash Bond Accounting**

Criteria: Good internal controls dictate that money received by an officer be accurately documented, receipted, and deposited.

Condition: The following exceptions were noted when auditing the receipt book of used cash bonds:

1. The carbon copies of receipt #1733 and #1735 had been removed from the receipt book.
2. Receipt #1734 was written for a \$1,000 bond. The bond could not be traced to a deposit. The bond was a surety bond instead of a cash bond.
3. The originals of receipt #1763, #1764, and #1765 had been removed from the receipt book while the carbon copies were blank.
4. Receipt #1792 was voided but the original was not attached.
5. Receipt #1160 for a \$100 bond had the original still attached in the receipt book, but the carbon copy was missing.

Recommendation: We recommend that management be aware of this internal control deficiency. We further recommend that policies and procedures be implemented to keep accurate and detailed records, including jail logs and receipts of money received by the County Sheriff from individuals booked into the jail.

**Finding 2002-4 - Daily Deposit of Cash Bonds**

Criteria: Good accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, Title 19 O.S. 2001, § 682 dictates that all officers are required to deposit all monies received under color of office.

**GREER COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2002**

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Condition: The County Sheriff does not make a daily deposit. Additionally, while testing sheriff's cash bonds it was noted that:

1. Receipt #1862 was written for a \$70 bond but was not deposited.
2. Receipt #1001 was written for a \$281 bond but was not deposited.
3. Receipt #1045 was written for a \$858 bond but was not deposited.

Recommendation: We recommend that all money received and receipted by the County Sheriff's office be deposited on a daily basis.

#### Finding 2002-5 - Consumable Inventory

Criteria: Good accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, according to 19 O.S. 2001, § 1502 (A) and (B), the county is required to implement an inventory system for all supplies and materials purchased in lots of \$500 or more. Title 19 O.S. 2001, § 1505 (G) (2) indicates that the highway districts are to file a "monthly report" with the county clerk detailing road and bridge materials used on projects.

Condition:

1. Monthly Summary Reports of Consumable Items (Form 1-9003) were not being created and filed with the county clerk, as required by the above statute.
2. Transfer Documents (Form 1-9001) to record the transfer of consumable items from inventory to a project or another district were not adequately maintained.
3. Project Inventory Records (Form 1-9002) to record consumable items used on specific projects were not adequately maintained.
4. Some road and bridge consumable items purchased in lots of \$500 or more, such as fuel, sign posts, etc. were not recorded on Consumable Stock Records (Form 1-9004) or included in the value of consumable inventory reported.
5. The County has not established a policy to define what it considers to be a "project" for reporting purposes.

Recommendation: The Board of County Commissioners should set forth policies and procedures for recording and reporting consumable road and bridge materials purchased and make the necessary changes to ensure stewardship and accountability and bring its accounting for such transactions into compliance with statutes and prescribed forms and procedures.

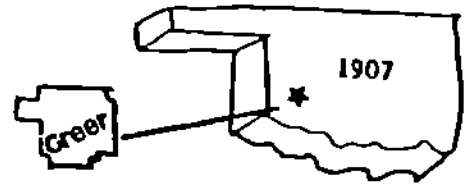
#### SECTION 3 – Federal Award Findings and Questioned Costs

No matters were reported.

## **Corrective Action Plan**

# Greer County Commissioners

P.O. Box 207  
Mangum, Oklahoma 73554  
(580)782-2329



July 14, 2003

Sherri Merle  
Oklahoma State Auditor and Inspector  
1401 Lera, Suite G.  
Weatherford, Ok 73096

Subject: Response to the auditor's report for the Fiscal Year ending June 30, 2002.

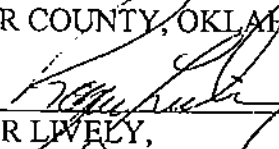
2002-1 Nita Marcum, Treasurer stated that she will ask for extra collateral to insure enough is there to cover the amounts.

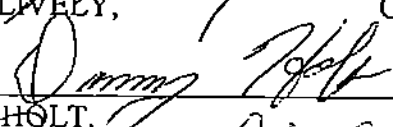
2002-2 We will do our best to improve in this area.

2002-3 See attached sheriff's response.

2002-4 See attached sheriff's response.

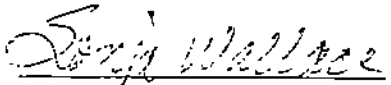
THE BOARD OF COUNTY COMMISSIONERS  
GREER COUNTY, OKLAHOMA

  
\_\_\_\_\_  
ROGER LIVELY, CHAIRMAN

  
\_\_\_\_\_  
DANNY HOLT, MEMBER

  
\_\_\_\_\_  
RAYMOND DILLAHUNTY, MEMBER

ATTEST:

  
\_\_\_\_\_  
SONJA WALLACE  
COUNTY CLERK

(SEAL)

DISTRICT NO. 1  
Danny Holt  
Mangum, OK 73554  
(580) 782-3434

DISTRICT NO. 2  
Raymond Dillahunty  
Granite, OK 73547  
(580) 535-2100

DISTRICT NO. 3  
Roger Lively  
Mangum, OK 73554  
(580) 683-4346



GREER COUNTY SHERIFF'S DEPARTMENT  
**SHERIFF BILL RUNYAN**  
105 S. PENNSYLVANIA  
MANGUM, OKLA. 73554  
Phone: 580-782-3065  
FAX: 580-782-2302  
E-Mail: [GreerCOSO@oknet.net](mailto:GreerCOSO@oknet.net)

**DATE:** July 14, 2003  
**TO:** Oklahoma State Auditor and Inspector  
**FROM:** Greer County Sheriff's Department  
**RE:** Response to Annual Audit

This is in response to the Annual Audit conducted by the Oklahoma State Auditor and Inspector, Weatherford District. This letter addresses concerns raised by that department.

**2001-2 – Separation of Duties**

**Concern:** There is one employee in the County sheriff's office that performs the duties of opening mail and totaling remittances, writes receipts and receives money, balances money received to daily receipts, prepares official depository tickets, takes deposit to the Treasurer, posts receipts to the ledger, and reconciles the official depository account to the Treasurer. In addition, the same employee calculates amounts vouchered to other funds or agencies, reviews the amounts vouchered, prepares the vouchers, signs the vouchers, posts the vouchers to the ledger and distributes the vouchers.

**Response:** This is a very small office with a limited number of employees. This office is aware of the concerns and does have a second employee take the deposit to the Treasurer's Office.

**2002-3 – Sheriff Cash Bond Accounting**

**Concern:** the following exceptions were noted when auditing the receipt book of used cash bonds.

1. The carbon copies of receipt #1733 & #1735 had been removed from the receipt book.
2. Receipt #1734 was written for a \$1,000 bond. The bond could not be traced to a deposit. The bond was a surety bond instead of a cash bond.
3. The originals of receipt #1763, #1764, & #1765 had been removed from the receipt book while the carbon copies were blank.
4. Receipt #1792 was voided but the original was not attached.
5. Receipt #1160 for a \$100 bond had the original still attached in the receipt book, but the carbon copy was missing.

**Response:** The cash bonds are written and taken by the Mangum Police Department, from there they go directly to the Court Clerk's Office. They do not go through the Sheriff's Dept. anymore, but they were using one of our receipt books.

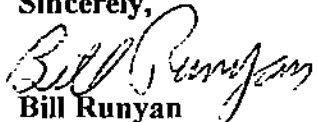
## 2002-4 – Daily Deposit of Cash Bonds

Concern: The County Sheriff does not make a daily deposit. Additionally, while testing sheriff's cash bonds it was noted that:

1. Receipt #1862 was written for a \$70 bond on Stephanie Storm but was not deposited.
2. Receipt #1001 was written for \$281 bond on Juan Hernandez but was not deposited.
3. Receipt #1045 was written for \$858 bond on David Martin but was not deposited.

Response: The cash bonds are written and taken by the Mangum Police Department, from there they go directly to the Court Clerk's Office. They do not go through the Sheriff's Dept. anymore. There has been a receipt book set up directly for cash bonds to go from the Mangum Police Department to the Court Clerk's Office.

Sincerely,



Bill Runyan  
Greer County Sheriff  
Greer County Sheriff's Dept.

**Statistical Data  
(Unaudited)**

**GREER COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2002  
(UNAUDITED)**

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Southwestern Bell	\$ 917,747	3.96%
2 Mangum Brick Company, Inc.	584,200	2.52%
3 Reliant Energy Arkla	267,718	1.16%
4 Reliant Energy Gas Trans	219,354	.95%
5 Southwest Oklahoma Telephone	158,956	.69%
6 Willow Peanut Company	133,570	.58%
7 Everaltman, LLC.	118,385	.51%
8 Granite Farmers COOP	99,932	.43%
9 Public Service of Oklahoma	92,280	.40%
10 Amoco Pipeline Company	72,769	.31%
Total	<u>\$ 2,664,911</u>	<u>11.51%</u>

**GREER COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2002  
(UNAUDITED)**

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Total net assessed value as of January 1, 2001		<u>\$ 23,157,050</u>
Debt limit - 5% of total assessed value		\$ 1,157,852
Total bonds outstanding	65,000	
Total judgments outstanding	0	
Less cash in sinking fund	<u>(33,787)</u>	<u>31,213</u>
Legal debt margin		<u>\$ 1,126,639</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, 2002  
 (UNAUDITED)**

---

	2002
Estimated population	6,387
Net assessed value	\$ 23,157,050
Net bonded debt	\$ 31,213
Ratio of net bonded debt to assessed value	.13%
Net bonded debt per capita	\$ 4.89

**GREER COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE YEAR ENDED JUNE 30, 2002  
(UNAUDITED)**

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<u>Tax Year</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>
2001	\$4,690,115	\$1,917,536	\$18,267,719	\$1,718,320	\$23,157,050	\$231,923,676