

FINANCIAL AUDIT

# JACKSON COUNTY

For the fiscal year ended June 30, 2014



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**JACKSON COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 4, 2016

TO THE CITIZENS OF  
JACKSON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Jackson County, Oklahoma for the fiscal year ended June 30, 2014. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink, reading "Gary A. Jones".

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

**JACKSON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**JACKSON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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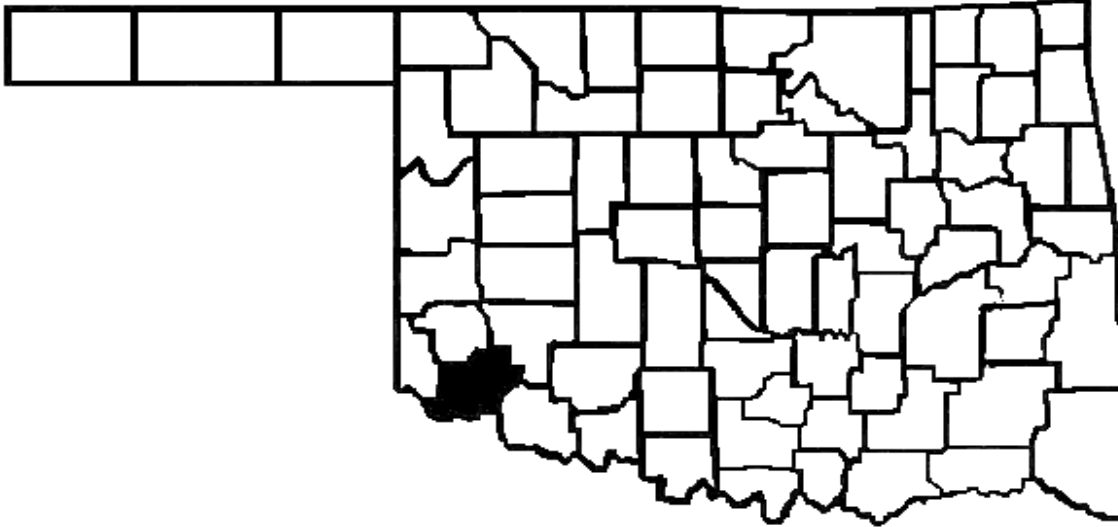
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**PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**JACKSON COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Formed in 1907 from a portion of the original disputed Greer County, Jackson County was named for the Confederate hero, General Thomas J. (Stonewall) Jackson. Altus, the county seat, lies in the heart of “irrigation country.” Primary crops are cotton, wheat, and grain sorghum. Cattle and greyhounds are bred and raised in this area.

Altus Air Force Base is the largest industry in the county. Higher education is provided by Western Oklahoma State College, a two-year accredited institution. Southwest Technology Center provides vocation-technical education for this region. Museum of the Western Prairie shows life in early southwest Oklahoma. Other history and genealogical collections are preserved at the Altus Public Library, headquarters of the Southern Prairie Library System. The Shortgrass Arts and Humanities Council sponsors numerous cultural activities including an annual arts festival in the fall. Annual events include the Great Plains Stampede Rodeo in late August, Jackson, County Fair, the Fall Festival in September, and Christmas Lighting Display the month of December. Recreational opportunities are available fifteen miles north of Altus at Quartz Mountain State Park and Lake Altus-Lugert.

Local historical societies include Jackson County Historical Society and Western Trails Historical Society. For more information, call the Altus Chamber of Commerce at 580/482-0210.

County Seat – Altus

Area – 804.15 Square Miles

County Population – 26,237  
(2012 est.)

Farms – 745

Land in Farms – 474,502 Acres

Primary Source: Oklahoma Almanac 2013-2014

**JACKSON COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Board of County Commissioners**

District 1 – Marty Clinton  
District 2 – Kirk Butler  
District 3 – Cary Carrell

**County Assessor**

Lisa Roberson

**County Clerk**

Robin Booker

**County Sheriff**

Roger LeVick

**County Treasurer**

Renee Howard

**Court Clerk**

Rhonda Stepanovich

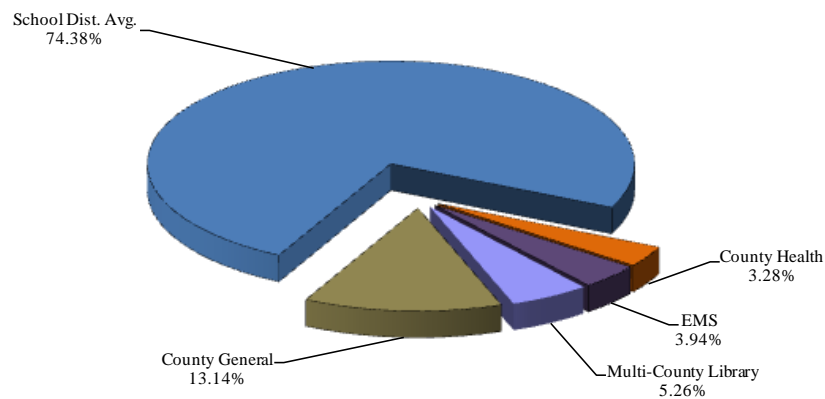
**District Attorney**

John Wampler



**JACKSON COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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						
							Career		
County General	10.17			Gen.	Bldg.	Skg.	Tech	Common	Total
County Health	2.54	Altus	18	35.51	5.07	-	10.17	4.07	54.82
Multi-County Library	4.07	Navajo	1	36.03	5.15	4.19	10.17	4.07	59.61
EMS	3.05	Duke	14	35.37	5.05	4.10	10.17	4.07	58.76
		Eldorado	25	35.85	5.12	3.58	10.17	4.07	58.79
		Olustee	35	35.62	5.09	-	10.17	4.07	54.95
		Blair	54	35.96	5.14	5.87	10.17	4.07	61.21
		Greer County	JT-1	35.16	5.02	10.75	-	4.00	54.93

**JACKSON COUNTY, OKLAHOMA  
SALES TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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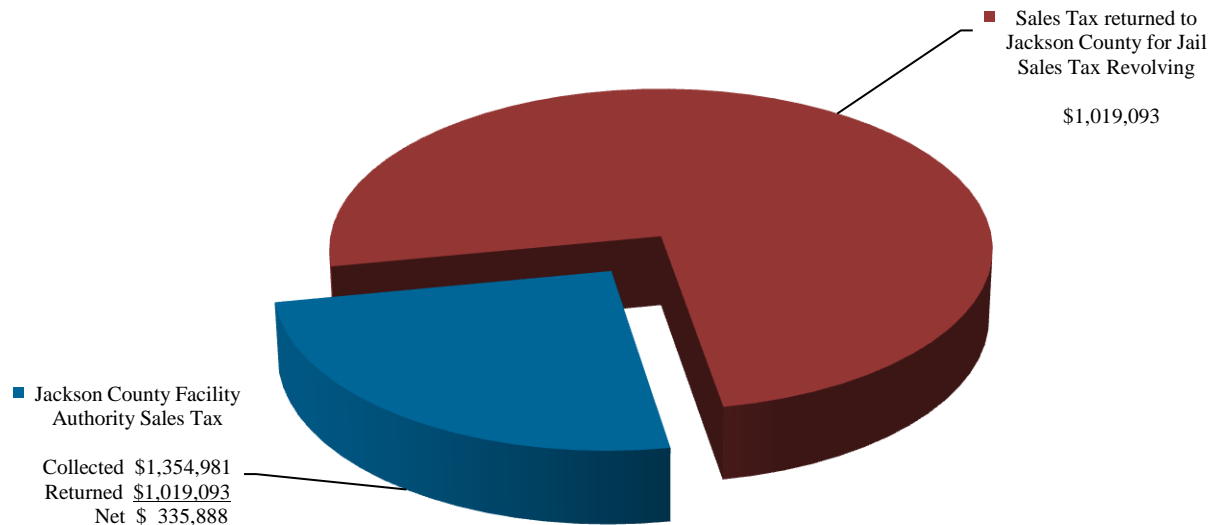
## Sales Tax

### Sales Tax

In a special election on November 9, 1999, the citizens of Jackson County approved a ½% sales tax to be collected beginning April 1, 2002, in which 50% of the sales tax was to end on March 31, 2007. However, in a special election on February 13, 2007, the citizens of Jackson County approved the entire ½% sales tax for an unlimited duration beginning April 1, 2007. The ½% sales tax is to be used to construct and equip a new county jail facility, including the payment of debt service on indebtedness incurred for such purpose by Jackson County. These funds are accounted for in the Jackson County Facilities Authority Sales Tax Proceeds fund.

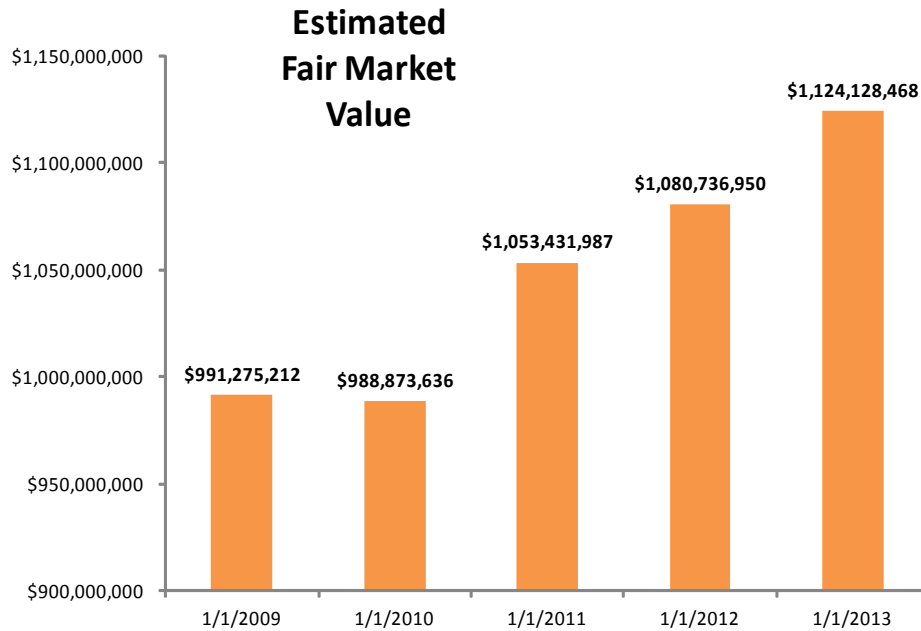
Sales tax proceeds returned to Jackson County per contractual agreement from the Jackson County Public Facility Authority in excess of bond issue payments to be used to operate and maintain the county jail. These funds are accounted for in the Jail Sales Tax Revolving fund.

During the fiscal year, the County collected \$1,354,981 in total sales tax. The Authority returned \$1,019,093 to Jackson County to be used to operate and maintain the county jail.



**JACKSON COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
TREND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2013	\$16,840,852	\$12,459,796	\$108,142,956	\$5,840,427	\$131,603,177	\$1,124,128,468
1/1/2012	\$15,125,350	\$12,739,115	\$104,847,888	\$5,667,052	\$127,045,301	\$1,080,736,950
1/1/2011	\$15,004,079	\$13,416,950	\$101,360,843	\$5,704,144	\$124,077,728	\$1,053,431,987
1/1/2010	\$12,674,855	\$10,735,267	\$97,992,124	\$5,555,199	\$115,847,047	\$988,873,636
1/1/2009	\$15,210,043	\$10,371,152	\$95,254,417	\$5,402,696	\$115,432,916	\$991,275,212

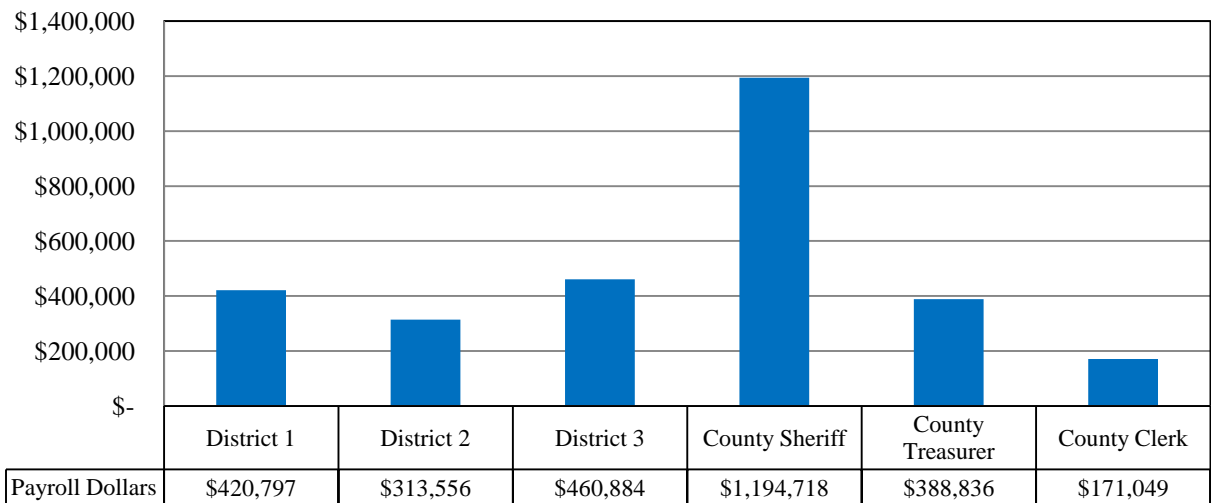


**JACKSON COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

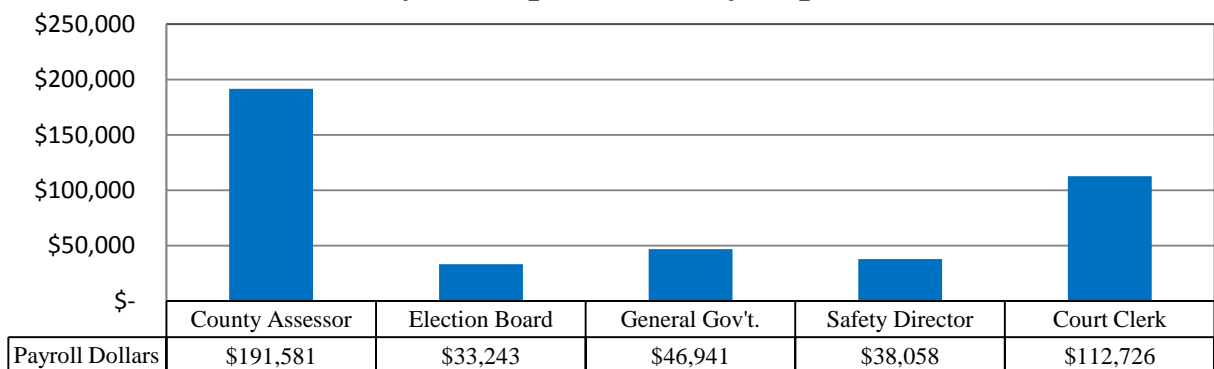
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County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2014.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

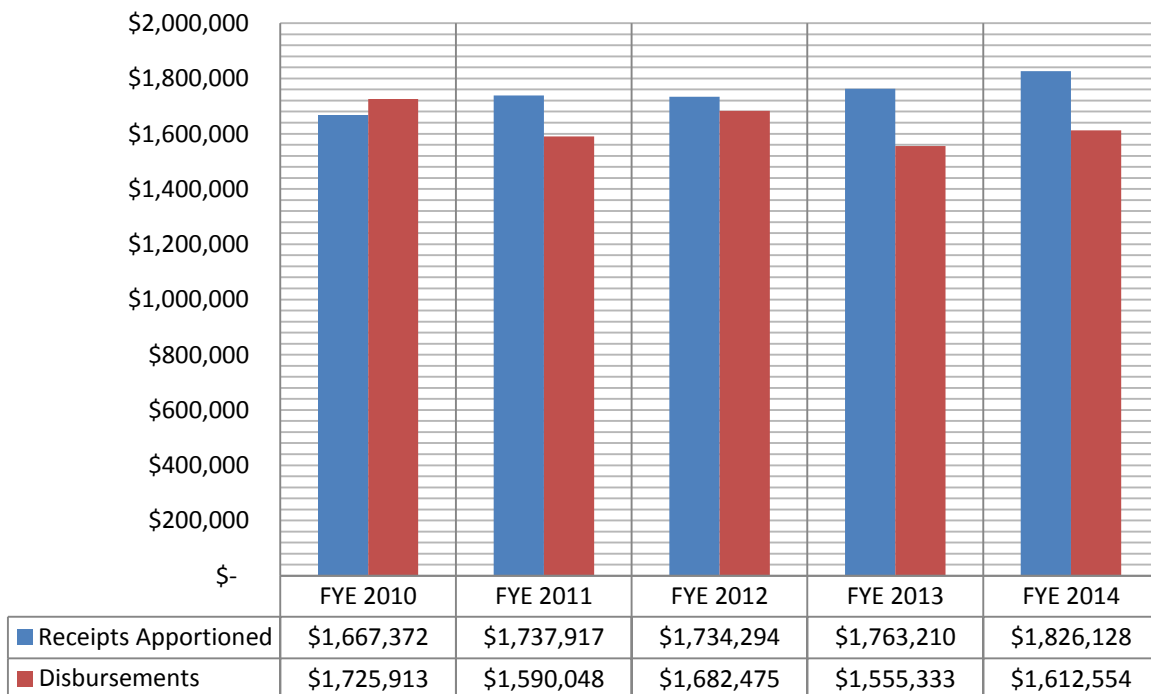


**JACKSON COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## County General Fund

The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.

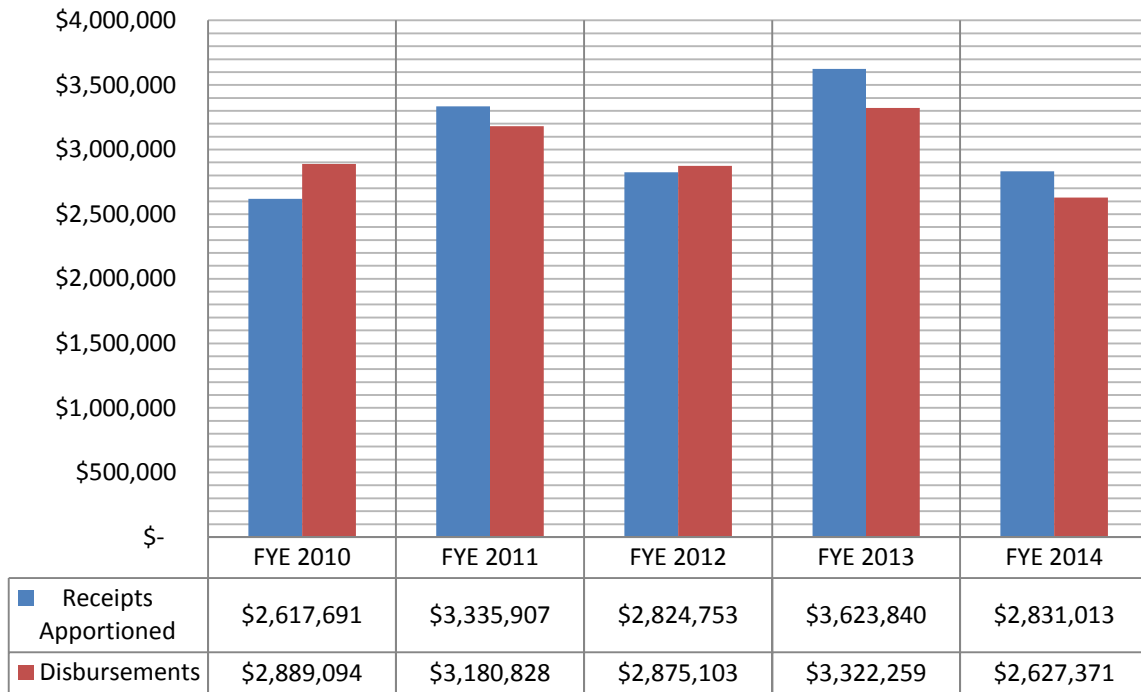


**JACKSON COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



## **FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## **Independent Auditor's Report**

TO THE OFFICERS OF  
JACKSON COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Jackson County, Oklahoma, as of and for the year ended June 30, 2014, listed in the table of contents as the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by Jackson County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Jackson County as of June 30, 2014, or changes in its financial position for the year then ended.

### ***Opinion on Regulatory Basis of Accounting***

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 balances for all county funds of Jackson County, for the year ended June 30, 2014, on the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. 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 financial statement.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2016, on our consideration of Jackson 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 in considering Jackson County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a long horizontal flourish extending to the right.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

January 4, 2016

## **REGULATORY BASIS FINANCIAL STATEMENT**

**JACKSON COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)—MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2014
Combining Information:				
Major Funds:				
County General Fund	\$ 769,021	\$ 1,826,128	\$ 1,612,554	\$ 982,595
County Highway Fund	1,297,263	2,831,013	2,627,371	1,500,905
Highway County Bridge and Road Improvement 105	1,343,915	349,858	380,636	1,313,137
County Health Department	283,300	589,107	573,965	298,442
Sheriff Contract Prisoners	741,078	858,933	542,141	1,057,870
Sheriff Commissary	174,236	132,479	134,477	172,238
Jail Sales Tax Revolving	125,222	1,020,766	1,164,856	(18,868)
Emergency Management Performance Grant	6,229	12,500	1,686	17,043
Jackson County Facilities Authority				
Sales Tax Proceeds	-	1,354,981	1,354,981	-
REAP - Rural Fire Association	1,028	-	-	1,028
Sheriff Criminal Interdiction Apprehension Fund	2,200	-	600	1,600
Oklahoma Bar Association Donations for Court	-	4,889	4,889	-
Remaining Aggregate Funds	2,061,719	535,426	372,153	2,224,992
<b>Combined Total - All County Funds</b>	<b>\$ 6,805,211</b>	<b>\$ 9,516,080</b>	<b>\$ 8,770,309</b>	<b>\$ 7,550,982</b>

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

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Jackson County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. 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, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, libraries, 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. Any trust or agency funds maintained by the County are not included in this presentation.

**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 county funds included as combining information within the financial statement:

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

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

Highway County Bridge and Road Improvement 105 – accounts for state receipts and disbursements are for the purpose of maintaining bridges and roads.

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

Sheriff Contract Prisoners – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are used for the operations of the Sheriff's department.

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Sheriff Commissary – accounts for the collection of sale of items to inmates and disbursements are for the purchase of commissary goods from the vendor and can be used for the maintenance and operations of the County jail.

Jail Sales Tax Revolving – accounts for monies contractually paid from the Jackson County Facility Authority to Jackson County and disbursements are for the maintenance and operations of the County jail.

Emergency Management Performance Grant – accounts for the collection of grant monies and disbursements are for the purpose of maintenance and operations of the Safety Director's Office.

Jackson County Facilities Authority Sales Tax Proceeds – accounts for the collection of sales tax fees disbursed to the fiscal agent, for the payment of revenue bonds.

REAP- Rural Fire Association – accounts for the collection of state grant monies for specific projects within the communities of Jackson County, specifically the Rural Fire Association.

Sheriff Criminal Interdiction Apprehension Fund – accounts for the collection of grant money to be expended for lawful purposes of the Sheriff's office.

Oklahoma Bar Association Donations for Court – accounts for the collection of donations and grant funds to be disbursed for courtroom equipment.

**C. Basis of Accounting**

The 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 regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**D. Budget**

Under current Oklahoma Statutes, a general fund and a 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 for the respective fund by 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.

**E. Cash and Investments**

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. 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).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**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."

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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.

**3. Other Information**

**A. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

**B. 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.

**C. 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.

As of the end of the fiscal year, there were no claims or judgements that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.



**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**D. Sales Tax**

In a special election on November 9, 1999, the citizens of Jackson County approved a ½% sales tax to be collected beginning April 1, 2002, in which 50% of the sales tax was to end on March 31, 2007. However, in a special election on February 13, 2007 the citizens of Jackson County approved the entire ½% sales tax for an unlimited duration beginning April 1, 2007. The ½% sales tax is to be used to construct and equip a new county jail facility, including the payment of debt service on indebtedness incurred for such purpose by Jackson County. These funds are accounted for in the Jackson County Facilities Authority Sales Tax Proceeds fund.

Sales tax proceeds returned to Jackson County per contractual agreement from the Jackson County Public Facility Authority in excess of bond issue payments to be used to operate and maintain the county jail. These funds are accounted for in the Jail Sales Tax Revolving fund.

## **OTHER SUPPLEMENTARY INFORMATION**

**JACKSON 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, 2014**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 769,021	\$ 769,021	\$ -
Less: Prior Year Outstanding Warrants	(41,175)	(41,175)	-
Less: Prior Year Encumbrances	(1,954)	(1,464)	490
Beginning Cash Balances, Budgetary Basis	<u>725,892</u>	<u>726,382</u>	<u>490</u>
Receipts:			
Ad Valorem Taxes	1,216,731	1,340,729	123,998
Charges for Services	60,000	89,771	29,771
Intergovernmental Revenues	263,624	363,261	99,637
Miscellaneous Revenues	20,000	32,367	12,367
Total Receipts, Budgetary Basis	<u>1,560,355</u>	<u>1,826,128</u>	<u>265,773</u>
Expenditures:			
District Attorney	2,000	2,000	-
County Sheriff	379,300	261,285	118,015
County Treasurer	168,839	163,643	5,196
County Commissioners	48,462	46,724	1,738
County Commissioners OSU Extension	22,582	22,524	58
County Clerk	209,584	186,162	23,422
Court Clerk	147,825	146,511	1,314
County Assessor	109,623	107,855	1,768
Revaluation of Real Property	205,190	169,343	35,847
General Government	832,772	347,285	485,487
Excise - Equalization Board	3,680	2,323	1,357
County Election Expense	95,314	89,161	6,153
Safety Director	28,202	25,736	2,466
Free Fair	7,657	7,657	-
County Audit Budget Account	25,217	25,214	3
Total Expenditures, Budgetary Basis	<u>2,286,247</u>	<u>1,603,423</u>	<u>682,824</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	949,087	<u>\$ 949,087</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		24	
Add: Current Year Outstanding Warrants		33,484	
Ending Cash Balance		<u>\$ 982,595</u>	

**JACKSON 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, 2014**

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 283,300	\$ 283,300	\$ -
Less: Prior Year Outstanding Warrants	(54,520)	(54,520)	-
Less: Prior Year Encumbrances	(14,096)	(10,589)	3,507
Beginning Cash Balances, Budgetary Basis	214,684	218,191	3,507
Receipts:			
Ad Valorem Taxes	303,884	335,630	31,746
Charges for Services	-	251,592	251,592
Intergovernmental	253,476	754	(252,722)
Miscellaneous Revenues	-	1,131	1,131
Total Receipts, Budgetary Basis	557,360	589,107	31,747
Expenditures:			
County Health Budget	772,044	538,498	233,546
Total Expenditures, Budgetary Basis	772,044	538,498	233,546
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	268,800	\$ 268,800
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Warrants Estopped, Cancelled, or Converted		38	
Add: Current Year Reserves		23,613	
Add: Current Year Outstanding Warrants		5,991	
Ending Cash Balance		\$ 298,442	

**JACKSON COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS—**  
**REMAINING AGGREGATE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:				
Highway County Bridge and Road				
Improvement 103	\$ 147,607	\$ 322	\$ 6,756	\$ 141,173
Resale Property	204,299	154,837	126,489	232,647
Treasurer Mortgage Tax Certification Fee	27,654	4,148	6,069	25,733
County Clerk Lien Fee	47,425	5,504	1,624	51,305
County Clerk Records Management Preservation	89,380	22,065	56,048	55,397
Assessor Revolving	14,542	5,481	2,170	17,853
Assessor Visual Inspection	256	-	-	256
Sheriff Service Fee	758,791	319,077	169,926	907,942
County Investment	769,413	1,387	-	770,800
Rural Fire Chief Insurance Fund	591	-	-	591
Jackson County Expo Center	-	22,605	3,071	19,534
Jackson County Reward Fund	1,761	-	-	1,761
<b>Combined Total - Remaining Aggregate Funds</b>	<b>\$ 2,061,719</b>	<b>\$ 535,426</b>	<b>\$ 372,153</b>	<b>\$ 2,224,992</b>

**JACKSON COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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. Remaining County Funds**

Remaining aggregate funds as presented on the financial statement are as follows:

Highway County Bridge and Road Improvement 103 – accounts for state receipts and disbursements for the purpose of maintaining bridges and roads.

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

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

County Clerk Records Management Preservation – accounts for fees collected for instruments filed in the County Clerk's office as restricted by state statute for the preservation of records.

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

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

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

**JACKSON COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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County Investment – accounts for the collection of interest earned on investments held by Jackson County.

Rural Fire Chief Insurance Fund – accounts for the collection of insurance reimbursement monies to be distributed to the rural fire departments.

Jackson County Expo Center – accounts for collection of rental/leasing monies and disbursements are for the purpose of maintenance and operations of the Expo Center.

Jackson County Reward Fund – accounts for collections of a fee from district court for the illegal dumping of trash. Disbursements account for awards paid to citizens for reporting illegal dumping to the local policing departments.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**





# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## **Independent Auditor's 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  
JACKSON COUNTY, OKLAHOMA

We have audited, in accordance with the 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, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Jackson County, Oklahoma, as of and for the year ended June 30, 2014, which comprises Jackson County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 4, 2016.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2014, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Jackson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness: 2014-1.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2014-3.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson County's financial statement is free from 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*.

We noted certain matters regarding statutory compliance that we reported to the management of Jackson County, which are included in Section 2 of the schedule of findings and responses contained in this report.

### **Jackson County's Responses to Findings**

Jackson County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Jackson County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized flourish at the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

January 4, 2016

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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 2014-1 - Inadequate County-Wide Controls (Repeat Finding)**

**Condition:** County-wide controls regarding Risk Management and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address risks of the County.

**Effect of Condition:** This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**Chairman of the BOCC:** The Board of County Commissioners are aware of this condition and will work toward assessing and identifying risks to design written county-wide controls.

**Criteria:** Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

**Finding 2014-3 – Negative General Ledger Balance for Jail Sales Tax Revolving Fund**

**Condition:** It was noted that the County Treasurer had a portion of the Jail Sales Tax Revolving funds invested in a money market demand account with other county investments, and did not liquidate the Jail Sales Tax Revolving fund investments and move the funds back to the revolving fund prior to registering, issuing, and paying warrants in excess of fund balance. This created a negative balance on the general ledger at June 30, 2014 in the amount of \$18,868.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that adequate funds are available prior to registering warrants.

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Effect of Condition:** This condition resulted in noncompliance with state statute and created a liability for the County.

**Recommendation:** OSAI recommends that the County Treasurer verify sufficient cash is available prior to the registration and issuance of any warrant as prescribed by Title 62 O.S. § 551.

**Management Response:**

**County Treasurer:** Available funds were moved from the money market demand account to the Jail Sales Tax Revolving fund to offset the shortage. Procedures will be put into place to ensure that a deficit cash balance does not occur in the future.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of procedures is the safeguarding of assets. Procedures over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Title 62 O.S. § 551 states, "It shall be the duty of the State Treasurer and each county, city, or town treasurer to pay on presentation any check, warrant or order properly drawn on any funds in his custody by virtue of his office, when there is cash sufficient in such fund to do so and when any check, warrant or order is paid, such treasurer shall maintain evidence such check or warrant has been processed and paid."

**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 2014-4 – Noncompliance Over the Inmate Trust Fund Checking Account (Repeat Finding)**

**Condition:** Upon inquiry and the observation of financial activity within the Inmate Trust Fund Checking Account, the following items were noted:

- Five (5) checks totaling \$1,750.68 were issued to payees not authorized by state statute; specifically noted were the payment of bonds and fines to the court.
- Review of two (2) days receipts reflected bank deposits are not made on a daily basis.
- The department is not reconciling the Inmate Trust Fund Checking Account ledger to the bank statement.
- The County Sheriff moved abandoned cash in the amount of \$2,426.78 to the Sheriff Commissary Fund without following the unclaimed property or money in Sheriff's possession, disposition procedures as outlined in Title 22 O.S. § 1325.

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statutes.

**Effect of Condition:** These conditions resulted in a noncompliance with state statutes.

**Recommendation:** OSAI recommends the County Sheriff comply with 19 O.S. § 531(A) and 19 O.S. § 682 regarding authorized disbursements and daily depositing. OSAI further recommends that the Sheriff follow the disposition procedures for unclaimed property or money in Sheriff's possession as outlined in 22 O.S. § 1325.

**Management Response:**

**County Sheriff:** The County Sheriff has established procedures to comply with state statutes in the disbursement of inmate funds. The County Sheriff will comply with statutes by daily depositing inmate funds and will reconcile inmate ledgers to bank statements.

**Criteria:** Accountability and stewardship are overall goals of management in the account of funds.

Further, implementing procedures should be goals of management to ensure compliance with Title 19 O.S. § 531(A), which states in part, "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."

Title 19 O.S. § 682 states in part, "It shall be the duty of each and every county officer...to deposit daily...all monies received by or collected by virtue or under color of office..."

Title 22 O.S. § 1325(F, H) states;

F. A sheriff's office having in its possession money or legal tender under the circumstances provided in subsection A of this section, prior to appropriating the same for deposit into a special fund, shall file an application in the district court of its county requesting the court to enter an order authorizing it to so appropriate the money for deposit in the special fund. The application shall describe the money or legal tender, together with serial numbers, if any, the date the same came into the possession of the sheriff's office or campus police agency, and the name and address of the owner, if known. Upon filing, the application, which may be joined with an application as described in subsection C of this section, shall be set for hearing not less than ten (10) days nor more than twenty (20) days from the filing thereof, and notice of the hearing shall be given as provided in subsection D of this section. The notice shall state that, upon no one appearing to prove ownership to the money or legal tender, the same will be ordered by the court to be deposited in the special fund by the sheriff's office or campus police agency. The notice may be combined with a notice to sell personal property as set forth in subsection D of this section. At the hearing, if no one appears to claim and prove ownership to the money or legal tender, the court shall order the same to be deposited by

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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the sheriff's office or campus police agency in the special fund, as provided in subsection H of this section.

H. The money received from the sale of personal property as above provided, after payment of the court costs and other expenses, if any, together with all money in possession of the sheriff's office or campus police agency, which has been ordered by the court to be deposited in the special fund, shall be deposited in such fund which shall be separately maintained by the sheriff's office in a special fund with the county treasurer or campus police agency to be expended upon the approval of the sheriff or head of the campus police agency for the purchase of equipment, materials or supplies that may be used in crime prevention, education, training or programming. The fund or any portion of it may be expended in paying the expenses of the sheriff or any duly authorized deputy or employee of the campus police agency to attend law enforcement or public safety training courses which are conducted by the Oklahoma Council on Law Enforcement Education and Training (CLEET) or other certified trainers, providers, or agencies.

**Finding 2014-9 – Noncompliance Over the Pre-paid Mobile Home Tax Refunds**

**Condition:** Upon inquiry and the observation of records, it was noted the Jackson County Treasurer does not refund all overpayments of pre-paid mobile home tax in accordance with Title 11 O.S. § 41-105B(2). The County Treasurer issues a letter to individuals who overpaid only allowing 60 day period to retrieve the refund or it will be forfeited to the County.

During fiscal year 2014, the County Treasurer issued a voucher from the Treasurer Official Depository Trust for \$1,046.05 to Resale Property for overpayments of pre-paid mobile home tax.

**Cause of Condition:** The County Treasurer was unaware of the statutory requirement with regards to refund of pre-paid mobile home tax.

**Effect of Condition:** This condition resulted in noncompliance with state statutes.

**Recommendation:** OSAI recommends the County Treasurer refund overpayments of pre-paid mobile home tax in compliance with Title 11 O.S. § 41-105B(2).

**Management Response:**

**County Treasurer:** We will return the overpayments from the Resale Property fund to the Treasurer Official Depository Trust fund and follow statutory requirements of refunding overpayments of pre-paid mobile home tax.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Further, Title 11 O.S. § 41-105B(2) states in part, "...Upon the payment of all the tax so charged, or applied thereto out of the cash deposit, the remainder of the deposit shall be refunded..."

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 2014- 13 – Inadequate Internal Controls Over Consumable Inventories**

**Condition:** Upon inquiry and observation of consumable inventory items for District 1, 2 and 3, we noted the following:

**District 1:**

- Reconciliations were not performed for fuel usage.

**District 2:**

- Reconciliations were not performed for fuel usage.

**District 3:**

- Monthly reconciliations of the fuel log book to the tank meters are performed; however, monthly reconciliations of the pump reading to the usage reflected by the tank meters/fuel logs are not performed.

**Cause of Condition:** Policies and procedures have not been adequately designed and implemented by county highway districts to ensure the accurate reporting of fuel inventory.

**Effect of Condition:** When consumable items are not adequately documented and reconciled the opportunity for misuse or theft of items are more likely to occur.

**Recommendation:** OSAI recommends the County adopt policies and procedures to design and implement a system of internal controls over consumable assets records. These controls would include:

- Implement daily log books of fuel usage.
- Reconcile log books to pumps and tank meters.
- The monthly review duty should be initialed and dated by the employee performing the physical count and retained to show the design and implementation of internal controls by the County Commissioners.
- The key functions of receiving duties and consumable inventory control duties should be performed by separate employees in order to effectively segregate those duties.

**Management Response:**

**District 1, 2, and 3:** Controls are now in place to monitor fuel usage and management will implement monthly reconciliation of fuel inventory.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.



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