

LATIMER COUNTY

JULY 1, 2005 THROUGH JUNE 30, 2006



COUNTY AUDIT



Jeff A. McMahan

Oklahoma State Auditor
& Inspector

**LATIMER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105.B, thirty-five (35) copies have been prepared and distributed at a cost of \$92.75. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

February 14, 2008

TO THE CITIZENS OF
LATIMER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Latimer County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in black ink that reads "Michelle R. Day". The signature is written in a cursive, flowing style.

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

**LATIMER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

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

FINANCIAL SECTION

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

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	14
Notes to Other Supplementary Information	15

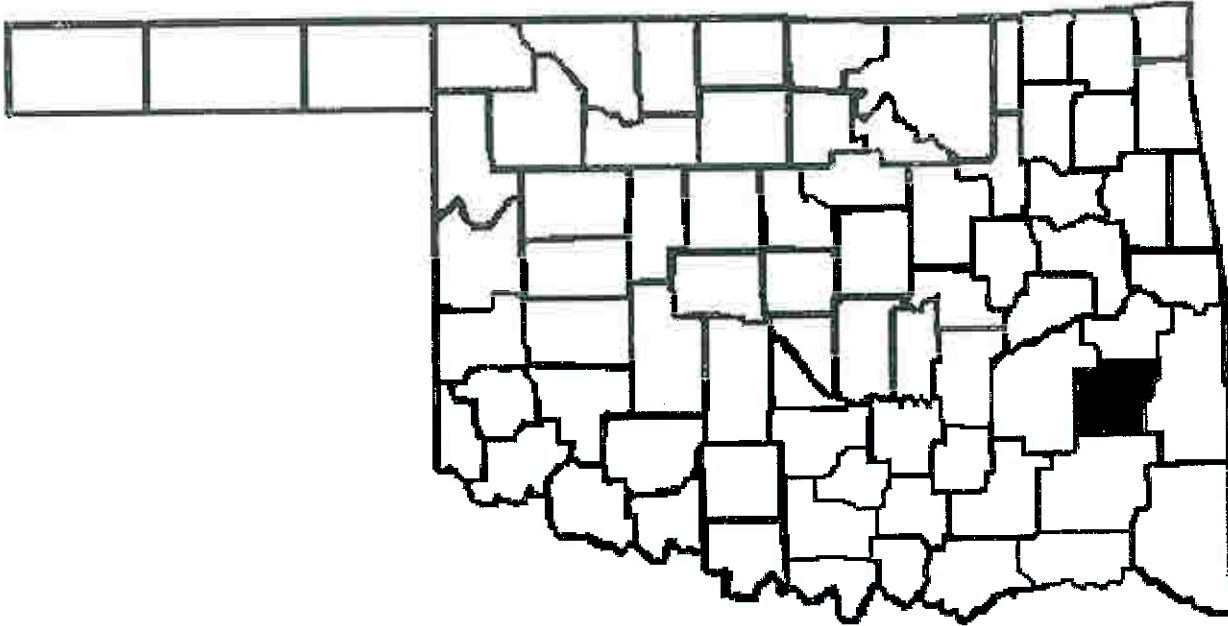
**LATIMER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards 16

Schedule of Findings and Responses 18

REPORT TO THE CITIZENS
OF
LATIMER COUNTY, OKLAHOMA



Located in the mountains of southeastern Oklahoma, Latimer County was created at statehood and named for James S. Latimer, a member of the Constitutional Convention.

The Butterfield Overland Mail Route, extending from St. Louis to San Francisco, cut through the county at four stops which are now open to visitors. During the Civil War, outlaws roamed the area, and in 1875, Isaac Parker, a federal judge at Fort Smith, Arkansas, became known as the “hanging judge,” because of his efforts to restore order.

A coal boom in 1870 brought a great influx of people, and by 1907 many people had settled in Wilburton. A tragic explosion in 1926 forced the mines to close and since that time cattle raising and agriculture have become the principle ways of life.

Wilburton, the county seat, is the home of industry as well as Eastern Oklahoma State College, begun in 1908 as the Oklahoma School of Mines. Latimer County has five reservoirs and is rich in minerals as well as forests, ranch land, and recreational opportunities.

For more information, call the county clerk’s office at 918-465-3543 or the Chamber of Commerce at 918-465-2759.

County Seat – Wilburton

Area – 729.12 Square Miles

County Population – 10,647
(2004 est.)

Farms – 738

Land in Farms – 205,652 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor’s report.

**LATIMER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COUNTY ASSESSOR

Linda Jordan
(D) Wilburton

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

Jane Brinkley
(D) Wilburton

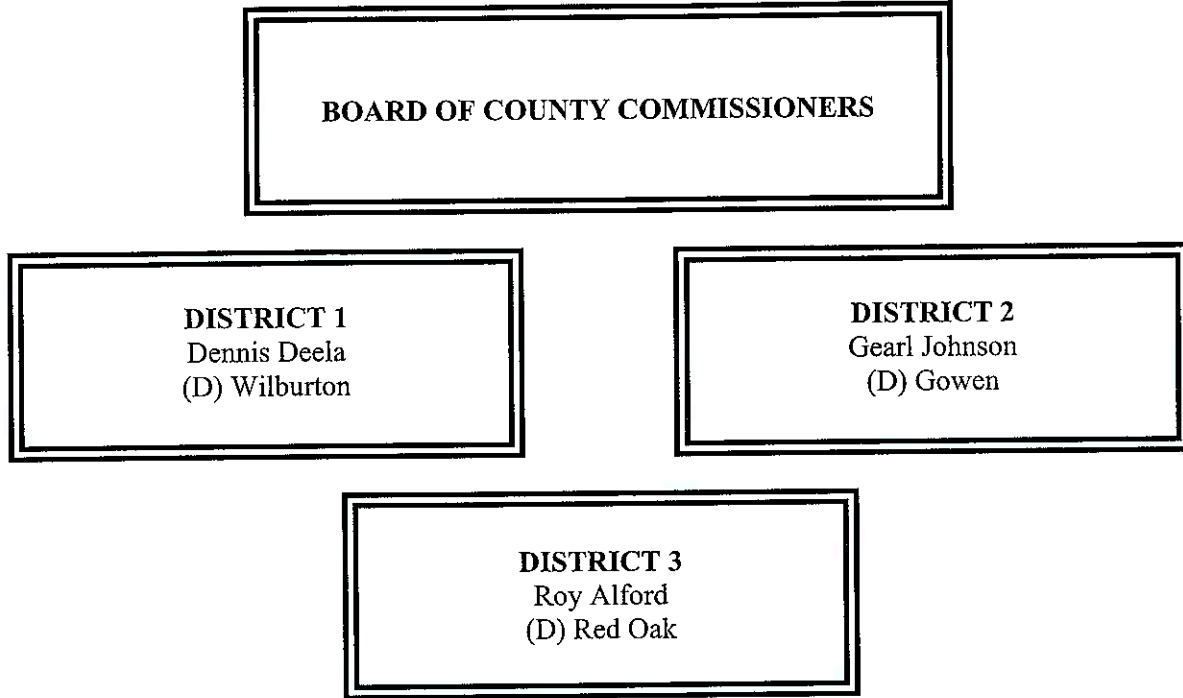
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**LATIMER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



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.

**LATIMER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COUNTY SHERIFF
Chris Ford
(D) Wilburton

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
Sue Chester
(D) Wilburton

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.

**LATIMER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COURT CLERK
Melody Littlejohn
(D) Wilburton

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
Jeffrey Smith
(D) Poteau

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.

**LATIMER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

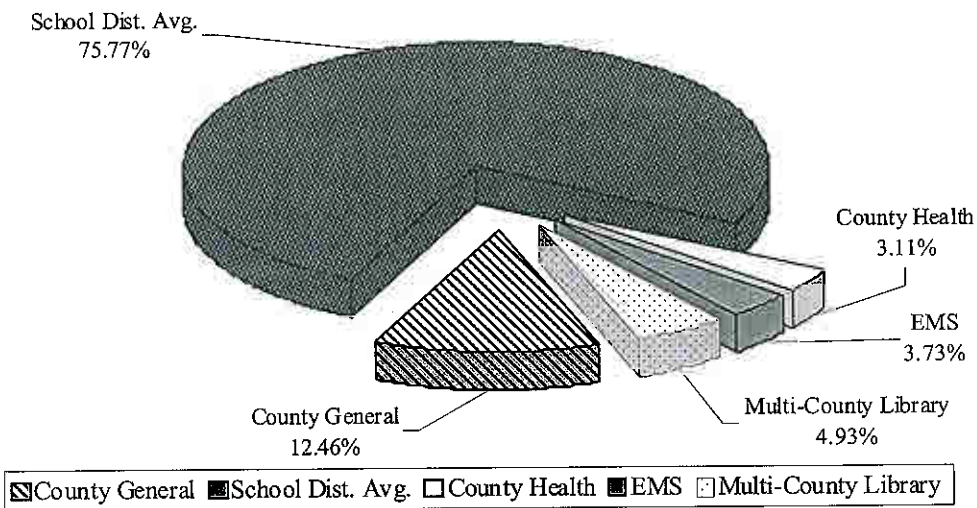
<p>ELECTION BOARD SECRETARY Barbara Helmert (D) Wilburton</p>
--

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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

**LATIMER COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career		Total
							Tech	Common	
County General	10.22								
County Health	2.55	Wilburton	I1	35.49	5.07	5.15	12.28	4.09	62.08
Multi-Co. Library	4.04	Red Oak	I2	35.65	5.09	8.72	12.28	4.09	65.83
Ambulance	3.06	Buffalo Valley	I3	36.31	5.19	7.27	12.28	4.09	65.14
		Panola	I4	36.19	5.17		12.28	4.09	57.73
		LeFlore	I6	36.87	5.27		12.28	4.09	58.51
		J39	J39	39.86	5.69		12.28	4.09	61.92
		Talihina	J52	36.10	6.10	9.08	12.28	4.09	67.65
		Hartshorne	J1	36.71	5.24	4.57	12.28	4.09	62.89
		Crowder	J28	35.00	5.00	5.39	12.28	4.09	61.76
		Albion	J28	37.57	5.37	4.33	12.28	4.09	63.64
		Tuskahoma	J4	35.04	5.01		12.28	4.09	56.42

See independent auditor's report.

**LATIMER COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

Total net assessed value as of January 1, 2005		<u>\$ 48,143,516</u>
Debt limit - 5% of total assessed value		2,407,176
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 2,407,176</u>

See independent auditor's report.

**LATIMER COUNTY, OKLAHOMA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
 VALUE AND NET BONDED DEBT PER CAPITA
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (UNAUDITED)**

	2006
Estimated population	10,647
Net assessed value as of January 1, 2005	\$ 48,143,516
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**LATIMER COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2005	\$17,172,670	\$17,215,666	\$16,348,986	\$2,593,806	\$48,143,516	\$382,995,354

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
LATIMER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Latimer County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Latimer County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Latimer County as of June 30, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Latimer County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2007, on our consideration of Latimer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Michelle R Day". The signature is written in a cursive, flowing style.

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

August 22, 2007

Basic Financial Statement

**LATIMER COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:				
County General Fund	\$ 726,293	\$ 1,110,528	\$ 1,099,127	\$ 737,694
T-Highway	2,728,946	6,762,818	5,323,182	4,168,582
County Health	70,657	119,564	122,908	67,313
Civil Defense	2,061	27,395	22,736	6,720
Sheriff's Cash Account	21,373	91,045	80,699	31,719
County Clerk's Cash Account	33,075	23,045	24,605	31,515
County Treasurer's Cash Account	5,718	2,350	2,365	5,703
Department of Corrections Cash Account	13,938	14,938	15,640	13,236
Community Service Sentencing Program	712	360	503	569
Drug Buy Cash Account	924		150	774
Sales Tax Cash Account	848,081	2,467,032	2,182,568	1,132,545
Assessor Cash Account	4,779	8,622	3,168	10,233
County Insurance Fund	7,345		6,400	945
Trash Cop Program	95		95	
REAP Grants	228	258,461	258,461	228
COPS/UHP	2,363			2,363
County Sheriff's Vest Fund	2,117		1,325	792
Resale Property	23,114	16,663	12,088	27,689
Solid Waste Cash Account	320,807	387,436	168,052	540,191
Ren., Maintenance, and Preservation Fund	31,253	24,895	25,324	30,824
E-911 Cash Account	67,129	162,868	134,097	95,900
Flood Plain Cash Account	3,273	2,600		5,873
Juvenile Incentive Block Grant	5,000			5,000
OLETS Cash Account	2,857	4,220	4,550	2,527
Jail Bond Cash Account	4,519	10,686	1,044	14,161
Jail Monitor Cash Account	1,000		1,000	
County Sheriff's Decal Account	58		58	
HMIJ Grant	800	7,374	8,174	
CDBG-10310		101,277	101,277	
Combined Total--All County Funds	\$ 4,928,515	\$ 11,604,177	\$ 9,599,596	\$ 6,933,096

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

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Fund Accounting

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

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

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

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

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

Civil Defense - accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Sheriff's Cash Account - accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

County Clerk's Cash Account - accounts for lien collections and disbursements as restricted by statute.

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

County Treasurer's Cash Account - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

Department of Corrections Cash Account – accounts for the monies received from the State of Oklahoma for the boarding and feeding of DOC prisoners.

Community Service Sentencing Program – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Drug Buy Cash Account – accounts for monies set aside for law enforcement sting operations.

Sales Tax Cash Account – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Assessor Cash Account - accounts for the collection of fees for copies restricted by state statute.

County Insurance Fund – established to administer the County's self insurance and accounts for insurance receipts and disbursements.

Trash Cop Program – accounts for monies set aside to pay rewards to persons reporting illegal dumping.

REAP Grants – accounts for state grant funds received for various projects.

COPS/UHP – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Services Program used for deputies' salaries in the Sheriff's office.

County Sheriff's Vest Fund – accounts for the donations from citizens made to the Sheriff's Department for bullet-proof vests.

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

Solid Waste Cash Account – accounts for the sales tax monies collected for the operation of a solid waste system.

Renovation, Maintenance, and Preservation Fund - accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

E-911 Cash Account - accounts for monies received from private telephone companies for the operations of emergency 911 services.

Flood Plain Cash Account - accounts for fees collected from inspections and assessments of flood plain areas and is used for the general operations of the emergency management office.

Juvenile Incentive Block Grant - accounts for all grants to support the programs and services provided at the juvenile detention facility.

OLETS Cash Account - accounts for fees charged to local law enforcement agencies for dispatch services. The funds are used to help offset monthly OLETS fees and the maintenance and operation of the Sheriff's office.

Jail Bond Cash Account - accounts for bond fees charged to inmates and is used for the maintenance and operation of the Sheriff's office.

Jail Monitor Cash Account - accounts for donations from private citizens to be used for the purchase of monitors for the Sheriff's office.

County Sheriff's Decal Account - accounts for donations from private citizens to be used for the purchase of decals for Sheriff's office vehicles.

HMIJ Grant - accounts for federal funds received for local emergency planning.

CDBG-10310 - accounts for federal funds received for the construction of a rural water system.

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

C. Basis of Accounting

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

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

D. Budget

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

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

E. Cash

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

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

F. Investments

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

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

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

G. Compensated Absences

Vacation benefits are earned by the employee during the year at the rate of 12 to 15 days per year depending on years of service. Employees may accumulate a maximum of 12 to 15 days depending on years of service.

An employee earns sick leave up to 12 days per year and a maximum of 40 days may be accumulated. Sick leave is not paid upon termination.

2. Ad Valorem Tax

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

The assessed property value as of January 1, 2005, was approximately \$48,143,516.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.22 mills for general fund operations, 2.55 mills for county health department, 3.06 mills for emergency medical service, and 4.04 mills for multi-county library. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2006, were approximately 98.89 percent of the tax levy.

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

3. Fuel Tax

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

4. Risk Management

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

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

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$25,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

5. Long-term Obligations

Capital Leases

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

Promissory Notes Payable

The County acquired a 2007 Sterling Acterra truck through a promissory note financed by a local bank, Latimer State Bank Wilburton, Oklahoma. The 24-month note has a maturity date of 2-5-09 and an interest rate of 4.79%. Future payments include \$60,985 principal and \$2,607.76 interest.

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire

**LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004 were \$281,993, \$214,884, and \$173,686, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

9. Sales Tax

On March 4, 2003, the voters of Latimer County renewed three sales tax levies to be used by the County. One tax of one-half percent is for general government. One tax of one-fourth percent is for solid waste disposal. One tax of three-fourths percent is for the Latimer County General Hospital. The taxes were renewed for a five year period.

OTHER SUPPLEMENTARY INFORMATION

LATIMER 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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 726,293	\$ 726,293	\$ 726,293	\$ -
Less: Prior Year Encumbrances	(4,772)	(4,772)	(4,518)	254
Beginning Cash Balances, Budgetary Basis	<u>721,521</u>	<u>721,521</u>	<u>721,775</u>	<u>254</u>
Receipts:				
Ad Valorem Taxes	435,918	435,918	442,971	7,053
Charges for Services	75,193	75,193	430,029	354,836
Intergovernmental Revenues	50,853	50,853	177,337	126,484
Miscellaneous Revenues	24,233	17,097	60,191	43,094
Total Receipts, Budgetary Basis	<u>586,197</u>	<u>579,061</u>	<u>1,110,528</u>	<u>531,467</u>
Expenditures:				
District Attorney	8,000	8,000	7,872	128
Total District Attorney	<u>8,000</u>	<u>8,000</u>	<u>7,872</u>	<u>128</u>
County Sheriff	153,375	153,821	151,070	2,751
Total County Sheriff	<u>153,375</u>	<u>153,821</u>	<u>151,070</u>	<u>2,751</u>
County Treasurer	106,825	106,825	101,975	4,850
Total County Treasurer	<u>106,825</u>	<u>106,825</u>	<u>101,975</u>	<u>4,850</u>
County Clerk	128,425	128,425	126,686	1,739
Total County Clerk	<u>128,425</u>	<u>128,425</u>	<u>126,686</u>	<u>1,739</u>
Court Clerk	85,225	85,465	83,671	1,794
Total Court Clerk	<u>85,225</u>	<u>85,465</u>	<u>83,671</u>	<u>1,794</u>
County Assessor	108,025	108,025	106,107	1,918
Total County Assessor	<u>108,025</u>	<u>108,025</u>	<u>106,107</u>	<u>1,918</u>
Revaluation of Real Property	129,559	131,359	124,860	6,499
Capital Outlay	2,000	2,000	772	1,228
Total Revaluation of Real Property	<u>131,559</u>	<u>133,359</u>	<u>125,632</u>	<u>7,727</u>

continued on next page

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

LATIMER 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, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	529,931	515,947	336,540	179,407
Total General Government	529,931	515,947	336,540	179,407
Excise-Equalization Board	7,750	7,750	4,646	3,104
Total Excise-Equalization Board	7,750	7,750	4,646	3,104
County Election Board	43,789	43,789	43,789	
Total County Election Board	43,789	43,789	43,789	-
County Audit Budget Account	4,814	9,176	9,176	
Total County Audit Budget Account	4,814	9,176	9,176	-
Total Expenditures, Budgetary Basis	1,307,718	1,300,582	1,097,164	203,418
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	735,139	\$ 735,139
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			2,555	
Ending Cash Balance			\$ 737,694	

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

**LATIMER 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, 2006**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 70,657	\$ 70,657	\$ 70,657	\$ -
Less: Prior Year Encumbrances	(5,189)	(5,189)	(5,062)	127
Beginning Cash Balances, Budgetary Basis	<u>65,468</u>	<u>65,468</u>	<u>65,595</u>	<u>127</u>
Receipts:				
Ad Valorem Taxes	111,605	111,605	113,411	1,806
Miscellaneous Revenues		2,956	6,153	3,197
Total Receipts, Budgetary Basis	<u>111,605</u>	<u>114,561</u>	<u>119,564</u>	<u>5,003</u>
Expenditures:				
Health and Welfare	174,573	177,529	129,492	48,037
Capital Outlay	2,500	2,500		2,500
Total Expenditures, Budgetary Basis	<u>177,073</u>	<u>180,029</u>	<u>129,492</u>	<u>50,537</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	55,667	<u>\$ 55,667</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			<u>11,646</u>	
Ending Cash Balance			<u>\$ 67,313</u>	

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

**LATIMER COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
LATIMER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Latimer County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Latimer County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 22, 2007. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Latimer County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Latimer County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings and responses as item 2006-1.

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

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Latimer County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

August 22, 2007

**LATIMER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 2006-1—Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

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

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 2006-2—County Equipment Incorrectly Acquired

Criteria: Title 19 O.S. § 1501 states in part, "The county purchasing agent:

Shall make lease or lease-purchase agreements for road machinery and equipment if the county has adequate funds appropriated during any fiscal year for such purpose and only after following the bidding procedures as provided for in Section 1505 of this title. The term of any lease or lease-purchase agreement authorized pursuant to this paragraph may be for any period up to one (1) year, provided, the term shall not extend beyond the end of any fiscal year, with an option to renew such agreement subject to the requirement that adequate funds are appropriated during the fiscal year by the county for such purpose. The State Auditor and Inspector's office shall be notified by the county of the terms and conditions of a lease or lease-purchase agreement authorized pursuant to this paragraph before any such agreement is made by the county purchasing agent."

**LATIMER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Condition: The County did not properly bid a lease-purchase for a 2007 dump truck and financed the truck through a local bank on a promissory note. This transaction was not addressed in an open meeting. An invoice detailing the specifications of the dump truck could not be located. The dollar amount of the purchase price could not be reconciled to the amount financed with the bank. The variance was \$11,000. This amount was later credited to the County's promissory note after the end of the fiscal year.

Effect: This condition could result in misappropriation of County funds.

Recommendation: We recommend the County follow statutory requirements in obtaining lease-purchase equipment. The County should refrain from entering into any contracts that would incur indebtedness past the current fiscal year.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management will take action to avoid errors of this nature in the future.

In addition, the District 3 Commissioner stated the following: "The \$11,000 error was found by myself, and corrective action was taken and money returned to the bank by Tulsa Freightliner. I visited with my District Attorney concerning what I had found and what action I had taken and he advised me all was correct and okay. This was found by the auditor after corrective action had already been taken. I was not aware of having to pay for the item if bought off state bid sheet. I have no idea why no VIN# or other invoice details could not be found."

SA&I response: The Oklahoma Constitution prohibits a government from entering into debt that extends past the end of the fiscal year without a vote of the citizens.

Finding 2006-3—Consumable Balances

Criteria: Title 19 § 1502 prescribes the procedures to be used to account for supplies and materials used in the construction and maintenance of roads and bridges.

Condition: Discrepancies were noted when comparing District Barn consumable records to the physical counts. Also, District 1 does not have adequate fuel pumps to maintain an accurate log of fuel.

District	Item	Variance Long (Short)
1	36"X1/4"steel pipe	1.7 feet
1	12-3/4" steel pipe	2 feet
1	18" steel pipe	2 feet
1	10-3/4" steel pipe	(2) feet
1	30"X1/4"steel pipe	(11) feet
1	3X12X16 lumber	(1) board
1	5/8" rebar	(10,458) feet
2	14 gauge pipe	(2,140) feet

**LATIMER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

2	15 inch tinhorn	(10) feet
2	12 inch tinhorn	14 feet
2	24 inch tinhorn	8 feet
3	Used Guard Rail	5.5 feet
3	Concrete Beams	6 feet
3	Used Guard Rail Post	(1)
3	12 inch, 26 lb. Flange Beams	5 feet
3	8 inch 18 lb. Flange Beams	(30) feet

Effect: This condition could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend that the County Commissioners investigate the discrepancies between the consumable records and the physical inventory of consumable items and make appropriate adjustments. We also recommend that a physical inventory of consumable inventory items be periodically conducted to ensure the necessary accountability of inventories.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will implement steps to ensure the accountability of consumable records.

In addition, the District 1 Commissioner stated the following: "The majority of the 10,458 feet of rebar was used on Gains Creek Bridge by District 2 when the new bridge was built. District 1 and District 2 had an agreement that District 1 would pay for all materials and District 2 would furnish all labor and equipment."

SA&I response: The statutes require a continuous inventory system for all supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more for use in the construction and maintenance of roads and bridges. A periodic physical count of these items supports these records to help ensure accountability of consumable inventory.

Finding 2006-4—Fixed Assets Inventory (Repeat Finding)

Criteria: Title 19 O.S. § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...."

**LATIMER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Condition: County offices, other than the County Assessor and the District Barns, do not perform a biennial verification of the fixed assets inventory. A current listing is maintained by the offices, but there is no documentation to support that a physical inventory count took place.

Effect: This condition could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

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

SA&I response: The statute requires that continuous inventory records be maintained. The biennial physical count supports these records.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896**

WWW.SAI.STATE.OK.US