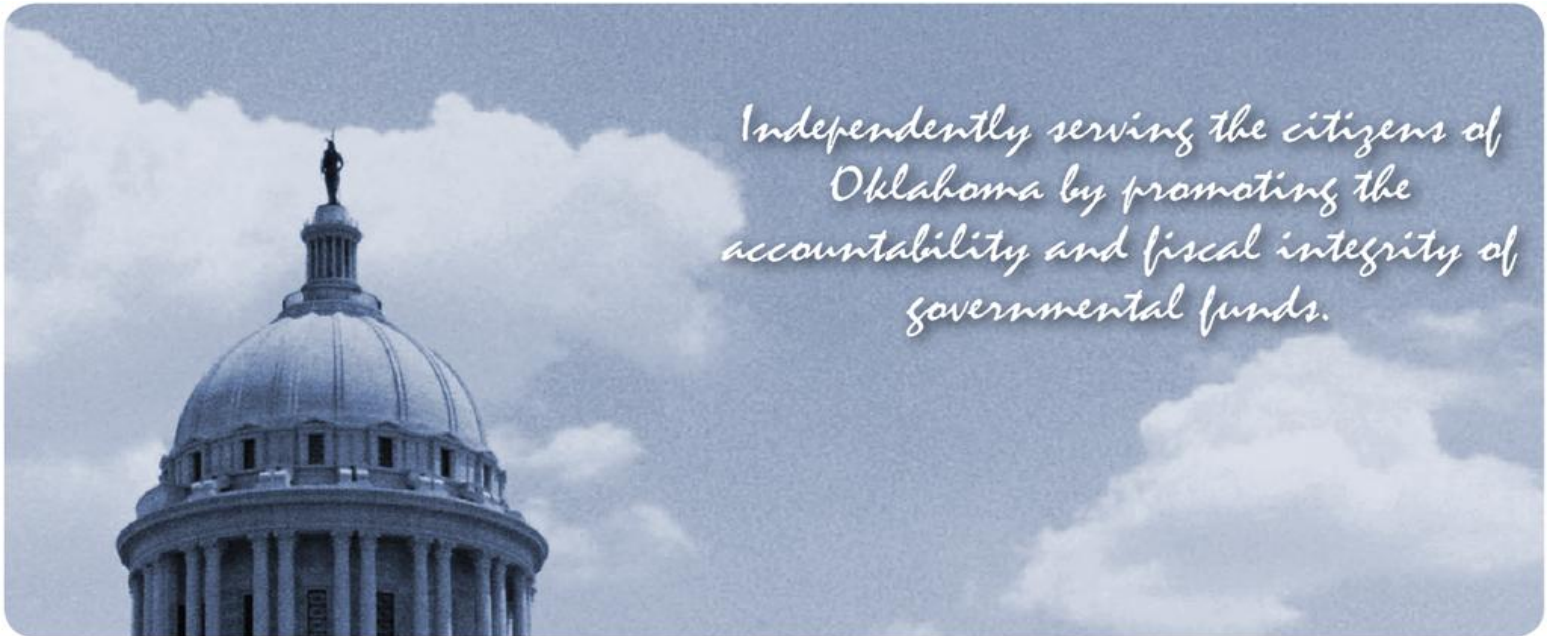


COUNTY AUDIT

LINCOLN COUNTY

For the fiscal year ended June 30, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**LINCOLN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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) 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 27, 2016

TO THE CITIZENS OF
LINCOLN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Lincoln County, Oklahoma for the fiscal year ended June 30, 2013. 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 that reads "Gary A. Jones".

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

**LINCOLN COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Statistical Information.....	iii
County Officials.....	iv
Ad Valorem Tax Distribution	v
Assessed Value of Property Trend Analysis.....	vi
County Payroll Expenditures Analysis	vii
County General Fund Analysis	viii
County Highway Fund Analysis	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information)—Major Funds.....	4
Notes to the Financial Statement.....	5

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	10
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	11
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	12
Notes to Other Supplementary Information	13

**LINCOLN COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

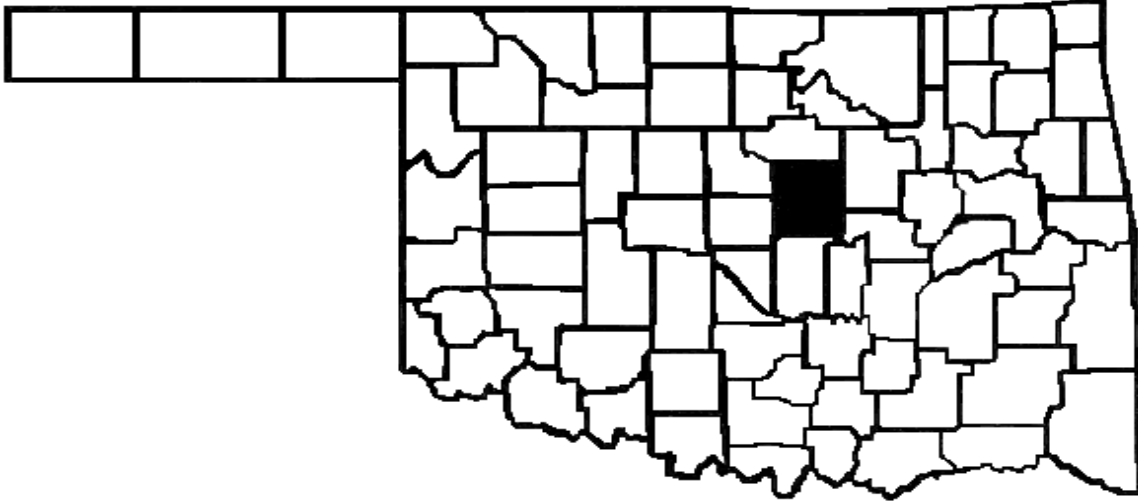
INTERNAL CONTROL AND COMPLIANCE SECTION

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

INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES iii - ix
PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**LINCOLN COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



Organized October 1, 1891, and named by popular vote for President Abraham Lincoln, the county was originally a part of the Creek Nation. As a result of the Treaty of 1866, however, the area was ceded by the Creeks and settled by the Sac and Fox, Iowa, Kickapoo, and Potawatomie Indians.

Cattle trails began to appear after the Civil War, and the West Shawnee Trail passed through the area as Texas herds were driven to Kansas. After the Cherokee Commission secured allotment of these lands, they were opened September 22, 1891, with 20,000 homesteaders participating in this land run. Although cotton was the principal crop in the early days, castor beans and broom corn were also money crops. By 1915, oil was discovered near Chandler, followed by the discovery of the Stroud Field in 1923 and later the Davenport oil boom.

Annual county celebrations include an Ice Cream Festival in June and a July 4th Celebration, both in Chandler; Nettie Davenport Day held in Davenport; the International Brick Throwing Contest held in Stroud in July; and the Kolache Festival held in Prague each May. An Indian Summer Arts Festival on the last Saturday in September is held in Chandler.

The Lincoln County Historical Society published *Lincoln County, Oklahoma History*, in 1988. For more information, call the county clerk's office at 405/258-1264 or the Museum of Pioneer History at 405/258-2425.

County Seat – Chandler (Pop. 3,300) 2011 Estimate

Area – 965.62 Square Miles

County Population – 34,189
(2012 est.)

Farms (2007) – 2,300

Land in Farms (2007) – 487,858 Acres

Primary Source: Oklahoma Almanac 2013-2014

**LINCOLN COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Don Sporleder
District 2 – Ricky Taylor
District 3 – Lee Doolen

County Assessor

Randy Wintz

County Clerk

Debbie Greenfield

County Sheriff

Charlie Dougherty

County Treasurer

Kathy Sherman

Court Clerk

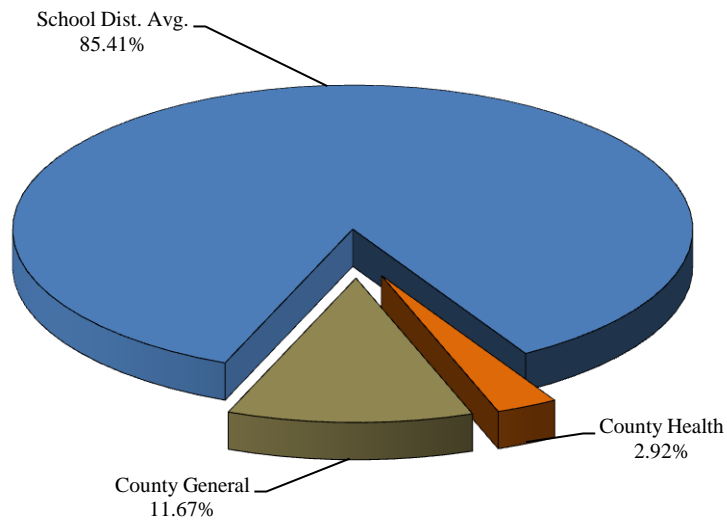
Cindy Kirby

District Attorney

Richard Smothermon

**LINCOLN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

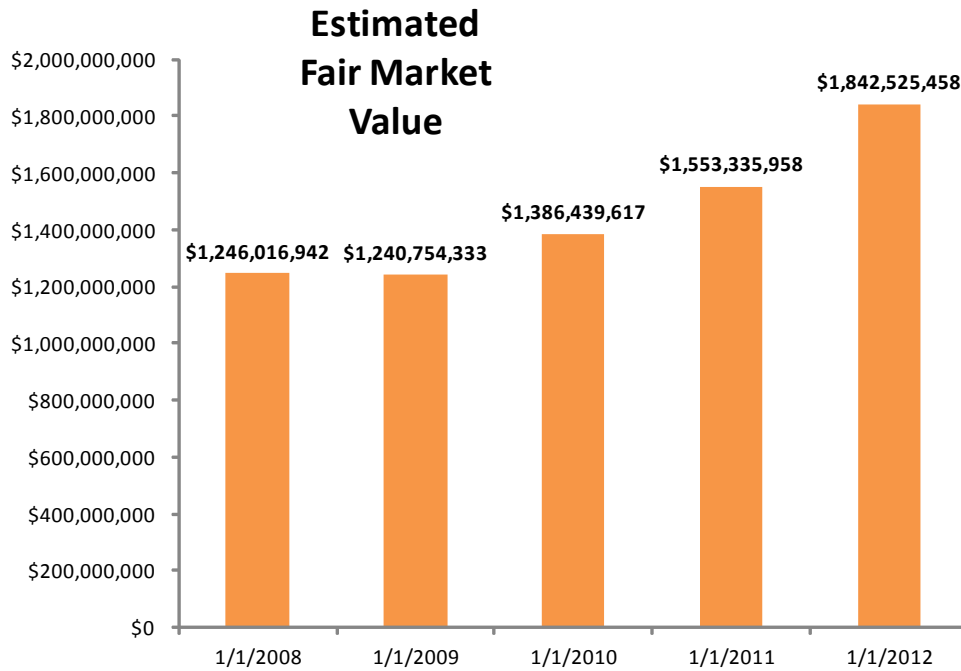
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.36								
County Health	2.59								
		Chandler	I-1	36.29	5.18	15.70	15.58	4.14	76.89
		Davenport	I-3	35.96	5.14	20.44	13.33	4.14	79.01
		Wellston (Lincoln)	I-4	36.10	5.16	16.29	15.58	4.14	77.27
		Wellston (Logan)	I-4	36.76	5.25	16.29	15.58	4.14	78.02
		Stroud	I-54	35.84	5.12	6.60	13.33	4.14	65.03
		Meeker (Lincoln)	I-95	36.55	5.22	12.23	15.58	4.14	73.72
		Meeker (Pott)	I-95	36.28	5.18	12.23	15.58	4.14	73.41
		Prague (Lincoln)	I-103	36.40	5.20	24.16	15.58	4.14	85.48
		Prague (Pott)	I-103	36.62	5.23	24.16	15.58	4.14	85.73
		Carney	I-105	36.43	5.20	24.40	15.76	4.14	85.93
		Agra	I-134	36.91	5.27	22.74	15.76	4.14	84.82
		White Rock	D-5	36.75	5.25	7.68	15.58	4.14	69.40
		Perkins-Tryon	I-56	37.00	5.29	23.97	15.76	4.14	86.16
		Cushing	I-67	36.13	5.16	2.04	13.33	4.14	60.80
		Luther	SD#3	35.97	5.14	11.73	15.99	4.14	72.97
		Harrah	SD#7	36.11	5.16	22.58	15.99	4.14	83.98
		Oak Grove	C-104	36.23	5.18	6.70	13.33	4.14	65.58
		McCloud	I-1	36.39	5.20	10.59	15.58	4.14	71.90
		Paden	I-14	35.00	5.00	4.25	15.58	4.14	63.97

**LINCOLN COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

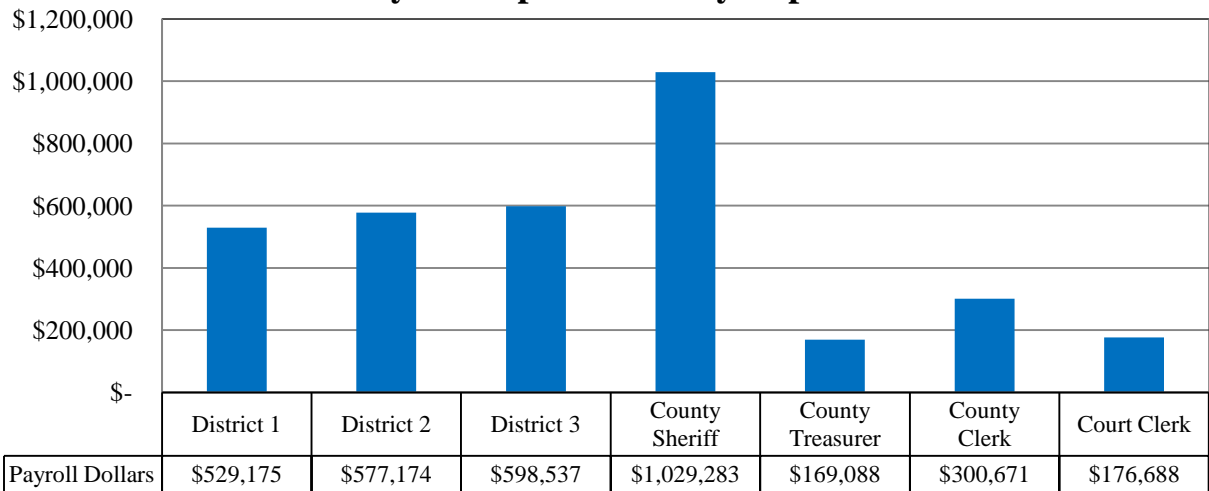
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$49,207,940	\$65,992,017	\$115,240,562	\$9,337,464	\$221,103,055	\$1,842,525,458
1/1/2011	\$28,454,351	\$57,460,186	\$109,804,617	\$9,318,839	\$186,400,315	\$1,553,335,958
1/1/2010	\$30,759,185	\$44,796,383	\$100,166,243	\$9,349,057	\$166,372,754	\$1,386,439,617
1/1/2009	\$28,621,111	\$33,962,339	\$95,830,653	\$9,148,087	\$149,266,016	\$1,240,754,333
1/1/2008	\$28,845,050	\$32,884,185	\$90,813,370	\$9,058,440	\$143,484,165	\$1,246,016,942



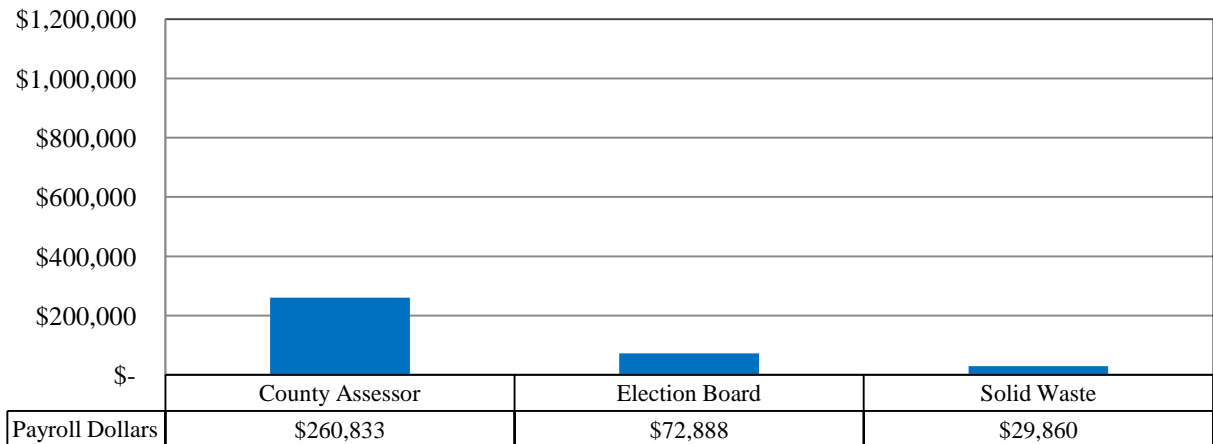
**LINCOLN COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013.

Payroll Expenditures by Department



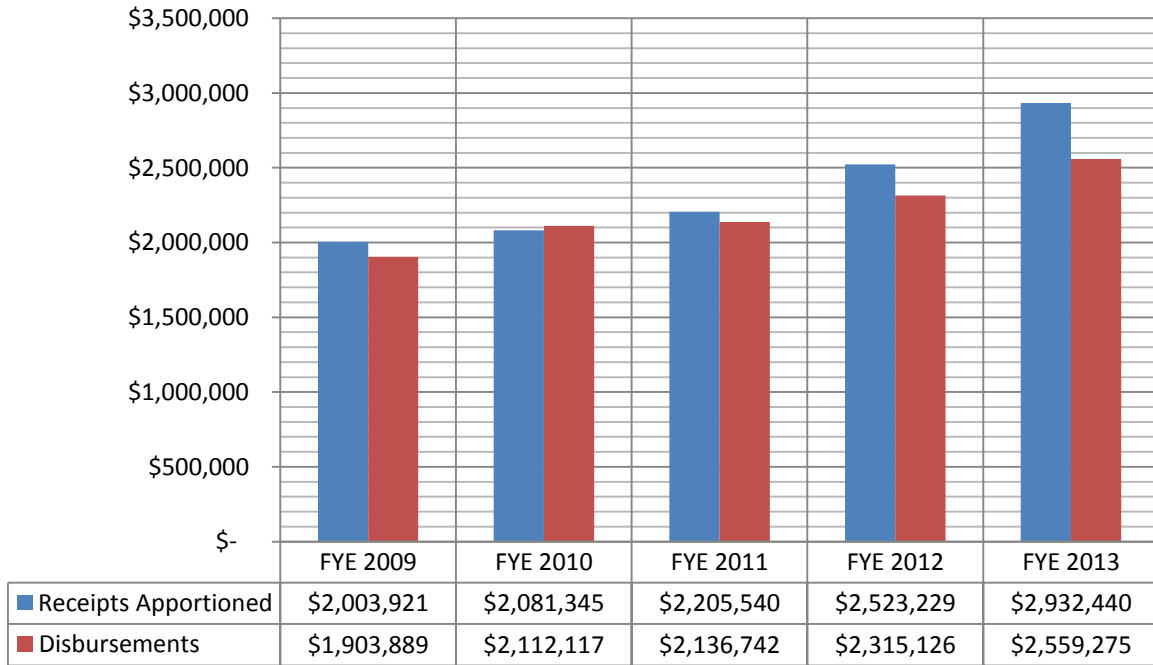
Payroll Expenditures by Department



**LINCOLN COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

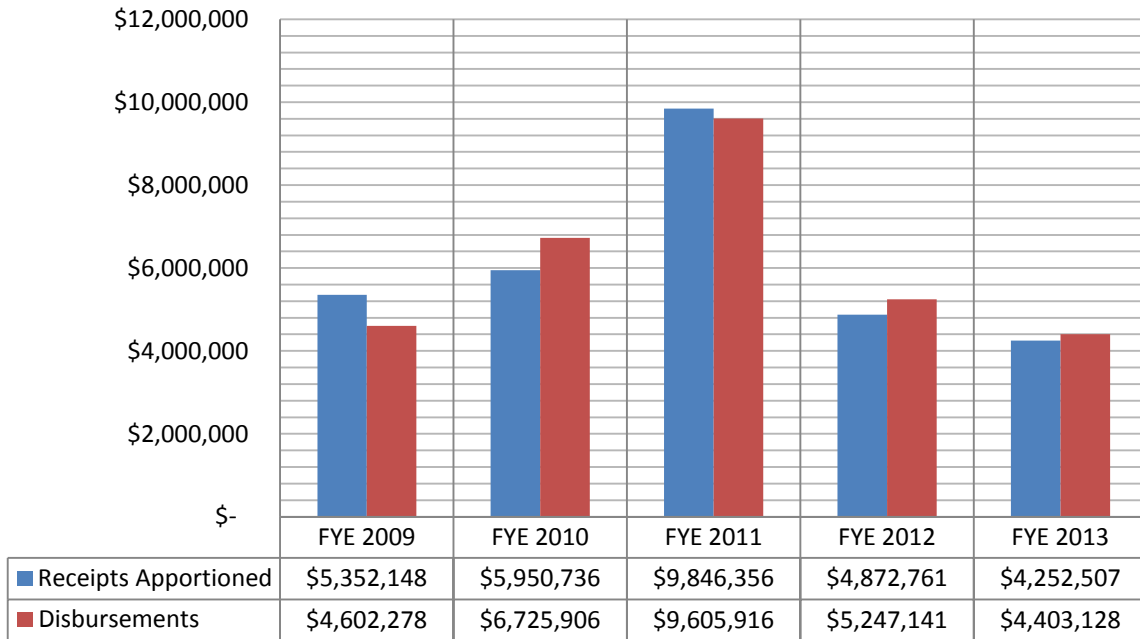
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also 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.



**LINCOLN COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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
LINCOLN 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 Lincoln County, Oklahoma, as of and for the year ended June 30, 2013, 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 Lincoln 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 Lincoln County as of June 30, 2013, 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 Lincoln County, for the year ended June 30, 2013, 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 11, 2016, on our consideration of Lincoln 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 Lincoln County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

January 11, 2016

REGULATORY BASIS FINANCIAL STATEMENT

LINCOLN 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, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Tranfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combining Information:						
Major Funds:						
General Fund	\$ 722,647	\$ 2,932,440	\$ 303,964	\$ 300,000	\$ 2,559,275	\$ 1,099,776
Highway Cash Fund	1,404,168	4,252,507	-	-	4,403,128	1,253,547
County Health	535,221	612,425	-	-	408,056	739,590
CSSP Boarding of Prisoners	75,897	181,638	-	-	235,005	22,530
Sheriff Service Fee	66,032	343,717	-	-	362,562	47,187
County Sales Tax	2,026,713	2,588,518	300,000	300,000	2,434,445	2,180,786
CBRIF-105	1,008,732	438,957	-	-	100,385	1,347,304
County Use Tax	679,172	703,061	-	-	120,854	1,261,379
Resale Property	657,623	232,140	-	-	141,678	748,085
CDBG Grant	-	70,618	-	-	70,618	-
Remaining Aggregate Funds	373,923	364,457	-	1,000	187,147	550,233
Combined Total - All County Funds	\$ 7,550,128	\$ 12,720,478	\$ 603,964	\$ 601,000	\$ 11,023,153	\$ 9,250,417

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

**LINCOLN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Lincoln 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 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:

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

Highway Cash Fund – accounts for state, local, and miscellaneous receipts and disbursements are 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.

CSSP Boarding of Prisoners – accounts for the collections for housing Department of Corrections and other counties' prisoners. Disbursements are used for jail operating expenses.

Sheriff Service Fee – accounts for the collection of fees for the services provided by the Sheriff's office. Disbursements are for the operation of the Sheriff's office.

**LINCOLN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Sales Tax – accounts for revenues from interest, one cent County sales tax from Oklahoma Tax Commission and disbursements are for any lawful expenses of departments receiving sales tax money per Lincoln County voters.

CBRIF-105 – accounts for revenues from state imposed taxes, Oklahoma Department of Transportation disbursements to counties, and bank interest. Disbursements are for road and bridge projects.

County Use Tax – accounts for revenues from State of Oklahoma Use Tax and disbursements are for special projects.

Resale Property – accounts for revenues from fees and penalties collected from resale of County owned properties acquired through the annual sale and disbursements are for personal services, maintenance and operations, and capital outlay.

CDBG Grant – revenue awarded to the County through Chamber of Commerce grants for special projects.

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.

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

**LINCOLN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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."

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.

**LINCOLN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. Sales Tax

The voters of Lincoln County approved a one percent (1%) sales tax through a special election on February 5, 2008 that became effective January 1, 2009. This sales tax has a duration of five years. The sales tax was established to provide revenue for the following: County Road and Bridge Improvements-59%, Lincoln County Jail-13%, Lincoln County Extension-6%, with a cap

**LINCOLN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

of \$120,000, Senior Nutrition Sites-6%, Lincoln County Fire Departments-8.5%, Lincoln County Free Fair-2%, Economic Development-2.5%, Emergency Management and Lincoln County Safety Office-2%, with a cap of \$25,000, and Lincoln County Courthouse Improvement Fund-1%. Money over capped amounts will go to the Lincoln Courthouse Capital Outlay Fund. These funds are accounted for in the County Sales Tax fund.

E. Transfers

During the fiscal year, the County made the following transfers between cash funds.

- The County made an interfund loan from the County Sales Tax fund to the General Fund for \$300,000. During the fiscal year 2013, the County repaid the \$300,000 from the General Fund to County Sales Tax fund.
- A residual balance of \$1,000 was transferred from Jail Phone Fee Deposit fund to the General Fund.
- A residual balance of \$2,964 was transferred from Individual Redemption fund (a trust and agency fund) to the General Fund.

OTHER SUPPLEMENTARY INFORMATION

LINCOLN 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, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 722,647	\$ 722,647	\$ -
Less: Prior Year Outstanding Warrants	(166,188)	(166,188)	-
Less: Prior Year Encumbrances	(37,638)	(37,638)	-
Plus: Lapsed Balance	-	213	213
Beginning Cash Balances, Budgetary Basis	<u>518,821</u>	<u>519,034</u>	<u>213</u>
Residual Transfer	-	3,964	3,964
Receipts:			
Ad Valorem Taxes	2,082,389	2,300,357	217,968
Charges for Services	196,703	309,129	112,426
Intergovernmental Revenues	283,420	293,603	10,183
Miscellaneous Revenues	27,796	29,351	1,555
Total Receipts, Budgetary Basis	<u>2,590,308</u>	<u>2,932,440</u>	<u>342,132</u>
Expenditures:			
District Attorney	9,360	9,360	-
County Sheriff	674,136	661,846	12,290
County Treasurer	171,834	170,774	1,060
County Commissioner	124,929	124,929	-
County Clerk	231,018	217,188	13,830
Court Clerk	183,024	178,174	4,850
County Assessor	165,658	165,130	528
Revaluation of Real Property	276,418	166,233	110,185
General Government	1,094,035	778,379	315,656
Excise-Equalization Board	3,200	2,662	538
County Election Board	92,827	92,814	13
Emergency Management	30,316	29,531	785
County Audit Budget Account	52,374	990	51,384
Total Expenditures, Budgetary Basis	<u>3,109,129</u>	<u>2,598,010</u>	<u>511,119</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	857,428	<u>\$ 857,428</u>
Operating Transfers			
Transfers In		300,000	
Transfers Out		<u>(300,000)</u>	
Net Operating Transfers		-	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		198,672	
Add: Current Year Encumbrances		43,676	
Ending Cash Balance		<u>\$ 1,099,776</u>	

**LINCOLN 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, 2013**

County Health Department Fund			
	Budget	Actual	Variance
Beginning Cash Balances	\$ 535,221	\$ 535,221	\$ -
Less: Prior Year Outstanding Warrants	(25,415)	(25,415)	-
Less: Prior Year Encumbrances	(70,437)	(70,437)	-
Plus: Lapsed Balance	-	2,164	2,164
Beginning Cash Balances, Budgetary Basis	439,369	441,533	2,164
Receipts:			
Ad Valorem Taxes	520,597	575,089	54,492
Charges for Services	-	37,237	37,237
Intergovernmental Revenue	-	99	99
Miscellaneous Revenues	37,237	-	(37,237)
Total Receipts, Budgetary Basis	557,834	612,425	54,591
Expenditures:			
Health and Welfare	997,203	542,209	454,994
Total Expenditures, Budgetary Basis	997,203	542,209	454,994
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	511,749	\$ 511,749
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		115,875	
Add: Current Year Outstanding Warrants		111,966	
Ending Cash Balance		\$ 739,590	

LINCOLN COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:						
County Clerk Preservation Fund	\$ 124,597	\$ 113,460	\$ -	\$ -	\$ 5,890	\$ 232,167
County Clerk Lien Fee	147,521	64,048	-	-	24,215	187,354
Free Fair	18,919	19,632	-	-	25,613	12,938
Court House Security	5,129	21,396	-	-	19,451	7,074
Sheriff Board-Bills	22,574	39,736	-	-	55,845	6,465
Sheriff Dispatching	4,257	13,820	-	-	15,898	2,179
County Treasurer Certification Fees	17,407	6,835	-	-	2,110	22,132
County Assessor Revolving Fund	11,493	6,233	-	-	4,027	13,699
County Sheriff Commissary	86	4,023	-	-	1,530	2,579
Flood Plain	1,679	2,275	-	-	2,585	1,369
Trash Dumping Fund	3,087	7,683	-	-	8,405	2,365
County Sinking	295	-	-	-	-	295
Visual Inspection	40	-	-	-	-	40
Jail Phone Fee Deposit	1,000	-	-	1,000	-	-
Civil Defense	8,319	-	-	-	4,612	3,707
County Assessor Hardware Upgrades	479	-	-	-	-	479
Community Service Sentencing Program	221	-	-	-	-	221
Kids First Grant	130	-	-	-	-	130
Emergency Management Donation Fund	2,545	1,965	-	-	3,758	752
Communications Tower	4,145	6,702	-	-	7,874	2,973
CDBG-Agra Fire Department	-	5,334	-	-	5,334	-
Local Emergency Planning Commission	-	1,315	-	-	-	1,315
Central Oklahoma Economic Development District	-	50,000	-	-	-	50,000
Combined Total - Remaining Aggregate Funds	\$ 373,923	\$ 364,457	\$ -	\$ 1,000	\$ 187,147	\$ 550,233

**LINCOLN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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:

County Clerk Preservation Fund – accounts for revenues from fees charged by the County Clerk for filing documents and disbursements are for preserving books and county records.

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

Free Fair – accounts for revenues from rental of property, carnival proceeds, donations, and entry fees. Disbursements are for salaries and fair expenses.

Court House Security – accounts for revenues from the Court Clerk's office for filing fees and disbursements are for a deputy's salary and security equipment to provide court house security.

Sheriff Board-Bills – accounts for revenues from contracted towns, cities, and tribes for housing prisoners. Disbursements are for vendor invoices for jail and any lawful expense of the Sheriff's office.

Sheriff Dispatching – accounts for revenues from contracted towns for dispatching and disbursements are for payroll and postage.

County Treasurer Certification Fees – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and the disbursement of funds as restricted by state statute.

**LINCOLN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

County Sheriff Commissary – accounts for revenues from the sale of commissary items and disbursements are for administrative needs of the jail.

Flood Plain – accounts for revenues from road crossing fees and flood plain inspections to determine if road crossing is in a flood plain and disbursements are for maintenance and operations.

Trash Dumping Fund – accounts for revenues from a yearly state grant and disbursements are for trash cop salaries.

County Sinking – accounts for debt service receipts derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

Visual Inspection – accounts for the collection of fees from all entities receiving ad valorem taxes and disbursements are for the purpose of re-valuation of all county property.

Jail Phone Fee Deposit – accounts for revenues from City Tele-Coin, Inc. and disbursements are for any lawful expense of the Sheriff's office.

Civil Defense – accounts for revenue from the Oklahoma Department of Emergency Management and disbursements are for maintenance and operations.

County Assessor Hardware Upgrades – accounts for monies received from the legislature and disbursements are for computer and software upgrades in 2000.

Community Service Sentencing Program – accounts for revenue from the State of Oklahoma for persons performing community services and disbursements are for any lawful expenditure of the Sheriff's office.

Kids First Grant – accounts for revenues from a grant that must be applied for annual child abuse prevention and disbursed as restricted by the grant agreement.

Emergency Management Donation Fund – accounts for revenue from businesses and individuals making donations and disbursements are for specialized equipment.

Communications Tower – accounts for revenue from Page Plus, Commissioners, 911 office, emergency management, fire departments, and Sheriff's office for rental space and disbursements are to lease the land, utilities, FCC licensing, and tower maintenance.

**LINCOLN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CDBG-Agra Fire Department – accounts for revenues from an Oklahoma Department of Commerce grant and disbursements are for the construction of the Agra Fire Department building.

Local Emergency Planning Commission – accounts for grant monies received and disbursed as restricted by the grant agreement.

Central Oklahoma Economic Development District – accounts for grant monies received and disbursed as restricted by the grant agreement.

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
LINCOLN 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 Lincoln County, Oklahoma, as of and for the year ended June 30, 2013, which comprises Lincoln County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 11, 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, 2013, 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 Lincoln 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 Lincoln County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency: 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln 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 Lincoln County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Lincoln County's Responses to Findings

Lincoln County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Lincoln 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.



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

January 11, 2016

**LINCOLN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-1 – Inadequate Internal Controls and Noncompliance with State Statutes Regarding Acceptance of Bids

Condition: The Board of County Commissioners (BOCC) solicits bids for commonly-used goods and services, but its process of accepting bids does not appear to comply with 19 O.S. § 1505(B) regarding the purchase of commonly-used items and 19 O.S. § 1501(A)(3)(j) regarding the purchase of “processed native materials for road and bridge improvements.”

After bids for commonly-used goods and services are solicited and opened, the Lincoln County BOCC accepts all bids submitted for Road Rock without regard as to whether or not each bid is the lowest and best bid. Additionally, no documentation was maintained to indicate any vendor was contacted at the time of work to determine both its ability and availability to provide goods or services.

While reviewing the six month bid list, five purchase orders were selected and it was noted on one occasion that the vendor selected for the six month bid was not used for a purchase and no supporting documentation was found in the BOCC minutes or with the purchase order documentation.

Cause of Condition: The County did not comply with 19 O.S. § 1505(B), which requires that counties award bids to the lowest and best bidders.

Effect of Condition: These conditions resulted in noncompliance with state statutes regarding the awarding of bids. As a result, the County often did not obtain the best prices for road projects or for materials purchased from the commonly-used goods bid lists.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the County thoroughly review bids and determine which vendor is the lowest and best bidder. The successful bidder should be clearly documented in the minutes. If the successful bidder was not the lowest bidder, the reasons for not awarding the bid the lowest and best bidder should be clearly documented in the minutes.

Management Response:

District 1, 2 and 3 County Commissioners: The Commissioners will rank the vendors based on ability and availability and if lowest and best bid is not accepted an explanation will be documented on the purchase order and in the Board minutes.

Criteria: Best business practices would include soliciting bids from vendors with the goal of obtaining quality goods and/or services for the best price.

When counties purchase “needed or commonly [-] used supplies, materials, [or] equipment,” 19 O.S. § 1505(B) requires the counties to solicit bids, compare them to the state contract price for the items, and

**LINCOLN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

select “the lowest and best bid based upon, if applicable, the availability of material and transportation cost to the job site within 30 days,” specifying the reason “any time the lowest bid was not considered to be the lowest and best bid.”

When counties purchase “processed native materials for road and bridge improvements,” 19 O.S. § 1501(A)(3)(j) requires the counties to solicit bids but allows them to “ *** accept all bids received, with the lowest and best bid from those accepted to be selected *** based upon availability, bid price, plus transportation costs *** at the time of opening of any construction project.” OSAI would note the distinction between the terms “accept” and “award.” A decision to accept a bid is based upon it meeting certain bid specifications and, thus, is determined to be a qualified bid. The statutory guidance to award a bid is to identify the lone bidder who best meets the “lowest and best bid” criteria to the exclusion of all other bidders.

Further, 19 O.S. § 1505(B)(5) outlines the procedures to follow when the low bidder cannot fulfill a county bid contract. The statute states, “If a vendor who is the low bidder cannot or will not sell goods or services as required by a county bid contract, the county purchasing agent may purchase from the next low bidder or take quotations as provided in paragraph 6 of this subsection, *provided, however, such purchase does not exceed Ten Thousand Dollars (\$10,000.00).*”

SECTION 2—This section contains a certain matter not required to be reported in accordance with *Government Auditing Standards*. However, we believe this matter is significant enough to bring to management’s attention. We recommend that management consider this matter and take appropriate corrective action.

Finding 2013-2 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Based on inquiry of the Sheriff’s staff and observation of records, we noted the following:

- Lack of segregation of duties - one employee is responsible for accessing and balancing the drop box, preparing deposit slips, taking deposits to the bank, reconciling account balances, posting payments and disbursements to inmate records, calculating amount(s) written out of accounts, issuing checks, signing checks, and performing bank reconciliations.
- Inmate Trust Fund Checking Account funds are not deposited into the Inmate Trust Fund Checking Account on a daily basis.
- Bank reconciliations are not being performed adequately and were not reviewed or approved by someone other than the preparer.
- There is no evidence that receipts are compared to collections.
- The Sheriff’s office contracted with a commissary company without authorization through the Board of County Commissioners.
- Inmate Trust Fund Checking Account checks totaling \$54,397.57, were issued for unauthorized expenditures:

**LINCOLN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

- Checks were issued to pay for a company to administer the commissary.
- Checks were issued to the Court Clerk to pay inmate fines.
- Twenty-three (23) checks did not have two signatures authorizing payment.
- Checks totaling \$1,174.81 were written to a large department store.
- Checks totaling \$994.95 were written for water service for the water coolers in the jail.
- One check was written for \$458.21 with the description of, "Light bulbs for the jail."
- One check was written for \$218.52 with the description of, "Wrecker fee/moving jail transport vehicle."
- One check was written for \$90.04 to a sign company.
- Two checks totaling \$77.31 were written to a fabric store.
- One check for \$50.00 was written to the Oklahoma Tax Commission.
- Inmate Trust Fund Checking Account checks issued to the County Sheriff were not deposited with the County Treasurer in a timely manner.
- The Inmate Trust Fund Checking Account was overdrawn in December of 2012, and incurred a \$25.00 overdraft fee.
- The Sheriff's office does not file an annual report for the Commissary Fund with the Board of County Commissioners by January 15th of each year.
- Check stock is not placed in a secure location. It was noted while looking through the bank statements that one of the signatures appearing on multiple checks did not appear to be an authentic signature of an authorized check signer. OSAI inquired about the changes in signatures to an authorized check signer who stated that the signatures were not that of the check signer.
- The Sheriff's office does not keep record of all bank statements for the Inmate Trust Fund Checking Account. During the fiscal year audited, no complete bank statements of the Inmate Trust Fund Checking Account were retained for review. OSAI was able to have the bank reprint all bank statements for the audit period.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate controls are in place to safeguard assets regarding the Inmate Trust Fund Checking Account and there is a lack of knowledge regarding the preparation and presentation of the annual commissary report.

Effect of Condition: These conditions resulted in noncompliance with state statutes, laws, or regulations. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

OSAI further recommends the Sheriff implement procedures to ensure:

- All collections are deposited daily.
- Receipts are reconciled to collections/deposits.

**LINCOLN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

- Inmate Trust Fund Checking Account expenditures are made only to reimburse an inmate upon being released from jail or to the Sheriff's Commissary.
- Bank reconciliations be prepared accurately, and reviewed and approved by someone other than the preparer.
- The Sheriff prepares and files an annual commissary report with the County Commissioners by January 15th of each year.
- Check stock is placed in a secured location where only authorized check signers have access.
- The Sheriff's office retains all bank statements and all records of audit significance for five years after an audit has been completed.

Management Response:

County Sheriff: More than one person has been assigned to fund collection and reconciliation and depositing. Statements are being reconciled at month end. All funds are being placed in the Sheriff's Commissary, and expenditures will be paid out of it using a purchase order. Check stock is being kept in a locked file cabinet. An annual report will be filed with the County Commissioners office by January 15th of every year. The Sheriff has his own log in and is able to keep track of all occurrences of the account.

Criteria: To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions. All collections should be deposited daily, receipts should be reconciled to the collections/deposits, expenditures should only be made for authorized expenditures, checks should be signed by two authorized individuals, and bank reconciliations should be reviewed and approved by someone other than the preparer.

Title 19 O.S. § 531.A states in part, "... The Sheriff...may write checks to the Sheriff's Commissary Account... and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Title 19 O.S. § 180.43 D. states in part, "...the Sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."



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