

# MAJOR COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008



# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

**MAJOR COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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June 16, 2009

TO THE CITIZENS OF  
MAJOR COUNTY, OKLAHOMA

Transmitted herewith is the audit of Major County, Oklahoma for the fiscal year ended June 30, 2008. 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 blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

**MAJOR COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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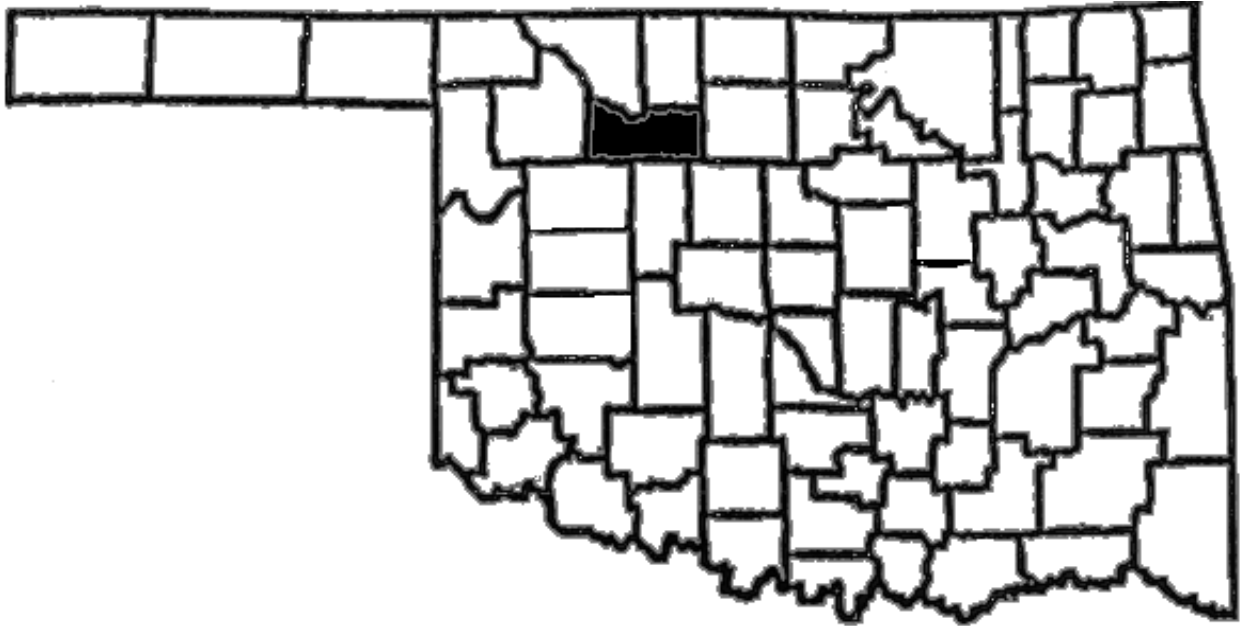
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**REPORT TO THE CITIZENS  
OF  
MAJOR COUNTY, OKLAHOMA**

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Major County was created at statehood from the southern portion of Woods County, Oklahoma Territory, and named for John C. Major, a member of the Oklahoma Constitutional Convention.

Several companies manufacture products ranging from oil drilling equipment to industrial loaders and steel truck bodies.

Annual events of interest include Fairview Follies, Wranglers Rodeo, National John Deere Two Cylinder Show, Major County Fair, and an Old Time Threshing Bee.

County Seat - Fairview

Area – 580.13 Square Miles

County Population – 7,364  
(2005 est.)

Farms - 879

Land in Farms - 508,689 acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**MAJOR COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COUNTY ASSESSOR**

Ralph Wilson

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**

Kathy McClure

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.

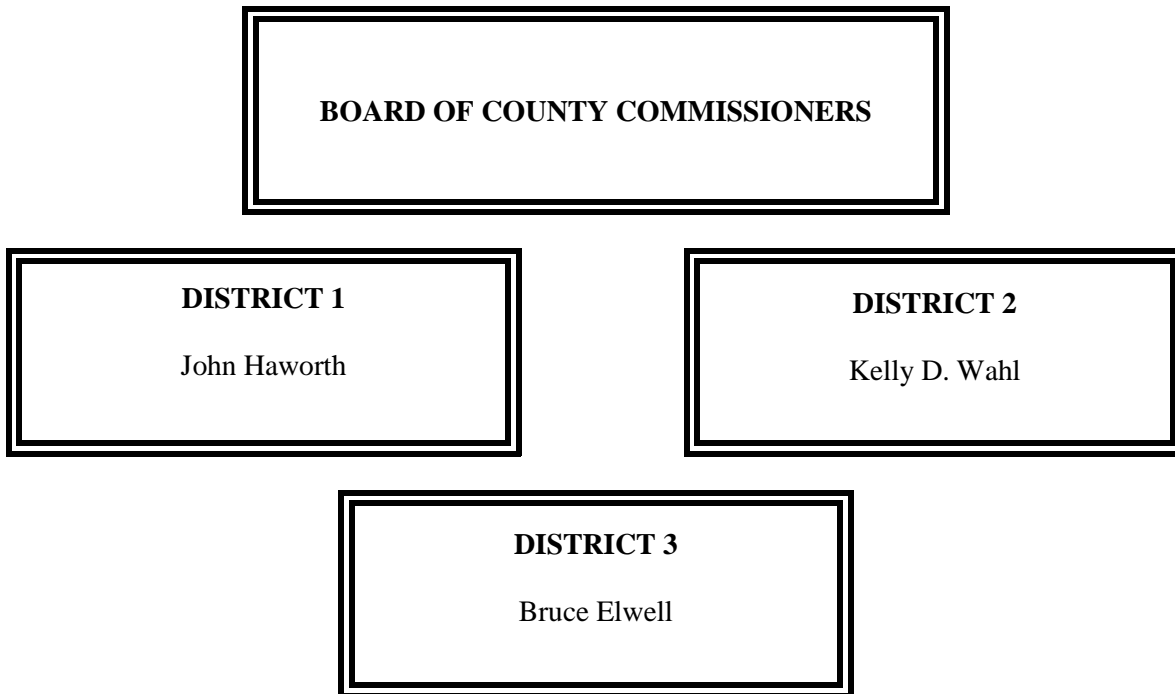
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**MAJOR COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**MAJOR COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COUNTY SHERIFF**

Tom Shaffer

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**

Sandra Goss

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.



**MAJOR COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COURT CLERK**

Shauna Hoffman

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**

Hollis Thorp

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.

**MAJOR COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**ELECTION BOARD SECRETARY**

Mary Ann Lynch

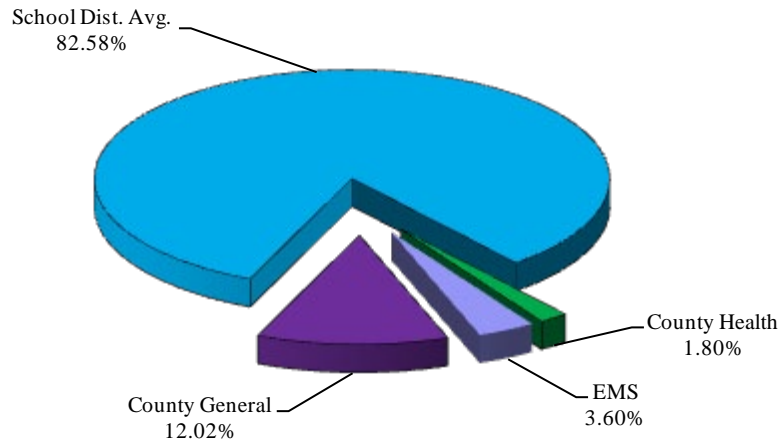
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

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

See independent auditor's report.

**MAJOR COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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	10.54								
County Health	1.58	Ringwood	I-1	37.19	5.31	19.71	13.69	4.22	80.12
County EMS	3.16	Cimarron	I-92	37.16	5.31	8.23	15.93	4.22	70.85
		Aline-Cleo	I-4	37.33	5.33	17.39	13.69	4.22	77.96
		Fairview	I-84	36.79	5.26	11.18	13.69	4.22	71.14
		Mooreland	J-2W	35.15	5.02	11.95	13.69	4.22	70.03
		Waynoka	J-3W	36.40	5.20	9.99	13.69	4.22	69.50
		Seiling	J-8D	36.50	5.21	4.31	13.69	4.22	63.93
		Okeene	J-9B	37.35	5.34	17.24	13.69	4.22	77.84
		Hennessey	J-16K	35.62	5.09	9.60	13.69	4.22	68.22
		Chisholm	J-42G	39.92	5.70	14.16	15.93	4.22	79.93
		Drummond	J-85G	36.51	5.22	10.81	15.93	4.22	72.69
		Timberlake	J-93A	37.19	5.31	8.75	13.69	4.22	69.16
		Canton	J-105B	36.74	5.25	10.17	13.69	4.22	70.07

See independent auditor's report.

**MAJOR COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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Total net assessed value as of January 1, 2007		<u>\$ 68,789,539</u>
Debt limit - 5% of total assessed value		3,439,477
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 3,439,477</u>

See independent auditor's report.

**MAJOR COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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	2008
Estimated population	7,364
Net assessed value as of January 1, 2007	\$ 68,789,539
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.

**MAJOR COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
 (UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$27,356,483	\$7,153,861	\$36,464,698	\$2,185,503	\$68,789,539	\$611,500,480

See independent auditor's report.

## **FINANCIAL SECTION**

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

## Independent Auditor's Report

### TO THE OFFICERS OF MAJOR COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Major County, Oklahoma, as of and for the year ended June 30, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Major 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.

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 Major County as of June 30, 2008, 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 Major County for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2009, on our consideration of Major 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.



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

June 8, 2009

## **Basic Financial Statement**

**MAJOR COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 (WITH COMBINING INFORMATION)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Combining Information:	Beginning		Disbursements	Ending
	Cash Balances	Receipts		Cash Balances
	July 1, 2007	Apportioned		June 30, 2008
County General Fund	\$ 471,403	\$ 1,302,716	\$ 1,267,675	\$ 506,444
County Highway Cash	1,871,993	4,819,010	4,572,452	2,118,551
County Health Department	166,635	110,430	167,518	109,547
Resale Property	54,028	81,688	81,844	53,872
Sheriff Service Fee	44,412	97,500	68,612	73,300
Contract Board of Prisoner Revolving	32,510	115,493	78,205	69,798
Sheriff Commissary	735	580	492	823
County Clerk Lien Fee	34,572	43,317	43,104	34,785
County Clerk Records Management Preservation	12,474	27,312	13,653	26,133
Treasurer Mortgage Tax Certification Fee	3,315	1,945	1,008	4,252
Assessor Visual Inspection	3,489	15	1,285	2,219
Assessor Revolving Fee	3,650	3,767	1,592	5,825
Sales Tax Revolving	166,422	280,471	344,223	102,670
Court House Security	1,075	19,539	4,972	15,642
Rural Fire	26,951	7,311	23,115	11,147
Grants	50	26,000	26,050	
<b>Combined Total--All County Funds</b>	<u>\$ 2,893,714</u>	<u>\$ 6,937,094</u>	<u>\$ 6,695,800</u>	<u>\$ 3,135,008</u>

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

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Fund Accounting**

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

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

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

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

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

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

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

Contract Board of Prisoner Revolving - accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Sheriff Commissary – accounts for the profit received from inmates from the sale of commissary items and disbursement is for the purpose of operating and maintaining the jail.

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

County Clerk Records Management Preservation Fee - accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

Treasurer Mortgage Tax Certification Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

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

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

Court House Security - accounts for the collection of fees to be used for the purpose of courthouse security.

Sales Tax Revolving – accounts for the collection of a ¼ of one-cent county sales tax for subsidizing county financial support for OSU, 4-H program, fairgrounds, and capital improvements to the County courthouse.

Rural Fire - accounts for monies collected on behalf of the fire district from ad valorem taxes and remitted to them monthly.

Grants – accounts for federal grants received and expended based on the agreement with the awarding agency.

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. Any trust or agency funds maintained by the County are not included in this presentation.

**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

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**D. Budget**

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

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

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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

**G. Compensated Absences**

All full-time Major County employees shall be entitled to vacation leave that is accrued on a monthly basis in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Accrual Rate</u>	<u>Accrual Limits</u>
1 Year	5 Days Vacation	
2-9 Years	10 Days Vacation	Must be used before the next anniversary date.
10-19 Years	15 Days Vacation	
20 or More	20 Days Vacation	

Vacation must be earned before it is taken.

Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.

All full-time employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 130 days.

**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, 2007, was approximately \$68,789,539.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.54 mills for general fund operations, 1.58 mills for county health department, and 3.16 mills for emergency medical service. In addition, the County collects the ad valorem taxes

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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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, 2008, were approximately 98.72 percent of the tax levy.

**3. Fuel Tax**

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

**4. Risk Management**

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

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers Liability</li> <li>• Vehicle</li> </ul>	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"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		
Workers' Compensation <ul style="list-style-type: none"> <li>• Employees' Injuries</li> </ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.



**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	The County carries commercial insurance.	None

ACCO-SIG – The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$10,000 deductible for each insured event as stated in the County’s “Certificate of Participation.” The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool’s risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance – The County obtains commercial insurance coverage to pay legitimate 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.

**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

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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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 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$235,569, \$199,744, and \$182,245, 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.

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.

**9. Sales Tax**

On January 11, 2005, the citizens of Major County approved a resolution levying a one-fourth of one-cent (.25%) county sales tax on the gross receipts of allowable sales for the purpose of subsidizing the financial support of the OSU Extension Office and 4-H program in Major County. Additionally, the sales tax is for the upgrade, upkeep, and maintenance of equipment and facilities of the fairgrounds of Major County Free Fair and Jr. Livestock Show, and to be used for capital improvements and capital upgrades of the County courthouse in Major County.

**MAJOR COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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The County sales tax being effective April 1, 2005, with a duration of seven years or until March 31, 2012.

For the fiscal year ended June 30, 2008, sales tax receipts apportioned to the County Sales Tax Revolving Fund were \$280,471.

**10. Beginning Cash Balance**

The beginning cash balance was increased by \$1,075 as a result of adding the Court House Security Cash Fund to County funds for the June 30, 2007, balance.

**OTHER SUPPLEMENTARY INFORMATION**

**MAJOR 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, 2008**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 471,403	\$ 471,403	\$ 471,403	\$ -
Less: Prior Year Outstanding Warrants	(68,870)	(68,870)	(68,870)	
Less: Prior Year Encumbrances	(13,323)	(13,323)	(12,477)	846
Beginning Cash Balances, Budgetary Basis	389,210	389,210	390,056	846
Receipts:				
Ad Valorem Taxes	659,129	659,129	732,614	73,485
Charges for Services	1,333,188	133,188	169,086	35,898
Intergovernmental Revenues	219,229	219,229	286,815	67,586
Miscellaneous Revenues	56,719	103,389	114,201	10,812
Total Receipts, Budgetary Basis	2,268,265	1,114,935	1,302,716	187,781
Expenditures:				
District Attorney	2,000	2,000	1,267	733
County Sheriff	226,311	226,311	214,572	11,739
County Treasurer	80,163	80,163	79,888	275
County Clerk	124,423	124,423	124,378	45
Court Clerk	63,302	105,902	104,980	922
County Assessor	67,505	67,505	67,479	26
Revaluation of Real Property	113,540	118,260	117,950	310
General Government	355,000	328,309	151,151	177,158
Excise-Equalization Board	6,500	6,500	2,440	4,060
County Election Board	54,273	54,274	49,068	5,206
Insurance	271,000	295,349	276,868	18,481

continued on next page

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

**MAJOR 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, 2008**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
Early Settlement	75,395	75,395	64,799	10,596
County Audit Budget	13,063	14,754	7,318	7,436
Provision for Interest on Warrants	5,000	5,000	-	5,000
 Total Expenditures, Budgetary Basis	 1,457,475	 1,504,145	 1,262,158	 241,987
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 430,614	 \$ 430,614
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			18,650	
Add: Current Year Outstanding Warrants			57,180	
Ending Cash Balance			<u>\$ 506,444</u>	

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

**MAJOR 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, 2008**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 166,635	\$ 166,635	\$ 166,635	\$ -
Less: Prior Year Outstanding Warrants	(36,294)	(36,294)	(36,294)	
Less: Prior Year Encumbrances	(532)	(532)	(532)	
Beginning Cash Balances, Budgetary Basis	<u>129,809</u>	<u>129,809</u>	<u>129,809</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	98,807	98,807	109,823	11,016
Intergovernmental Revenue			505	505
Miscellaneous Revenues		61,634	102	(61,532)
Total Receipts, Budgetary Basis	<u>98,807</u>	<u>160,441</u>	<u>110,430</u>	<u>(50,011)</u>
Expenditures:				
Health and Welfare	228,616	290,250	177,707	112,543
Total Expenditures, Budgetary Basis	<u>228,616</u>	<u>290,250</u>	<u>177,707</u>	<u>112,543</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	62,532	<u>\$ 62,532</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			839	
Add: Current Year Outstanding Warrants			46,176	
Ending Cash Balance			<u>\$ 109,547</u>	

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

**MAJOR COUNTY, OKLAHOMA  
NOTE TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Budgetary Schedule**

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 AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

## **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  
MAJOR COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Major County, Oklahoma, as of and for the year ended June 30, 2008, which comprises Major County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 8, 2009. 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. 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 Major County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency 2008-1 as described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Major 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2008-3.

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

Major County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Major County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of Major 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. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

June 8, 2009

**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2008-1 – Segregation of Duties**

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of County personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the offices of the Sheriff, Election Board, Early Mediation, and County Treasurer were not properly segregated to assure adequate internal control structure.

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

Recommendation: OSAI recommends management be aware of these conditions 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 action: The County officials will conduct periodic reviews and continue to oversee the operations of the office. However, the lack of funding requires that the duties of the offices be shared by all employees.

**Finding 2008-3 – Requisition of Purchase Orders – County Commissioner District 3**

Criteria: Title 19 O.S. § 1505.C states, "After selection of a vendor, the procedure for the purchase, lease-purchase, or rental of supplies, materials, and equipment used by a county shall be as follows: 1. The county purchasing agent shall prepare a purchase order in quadruplicate and submit it with a copy of the requisition to the county clerk; 2. The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order..."

Condition: The following invoices were received in fiscal year 2007-2008 by the District 3 County Commissioner; however, funds were not encumbered to pay these invoices in that fiscal year.

**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>P.O. #</b>	<b>Vendor</b>	<b>Amount</b>
73	United States Gypsum	\$ 19,377.68
74	Allied Custom Gypsum	\$ 16,359.90
76	Fortune Auto and Farm Supply	\$ 70.63
77	T&W machine and Supply, Inc.	\$ 645.71
78	Rother Bros., Inc.	\$ 704.92
351	M&M Tire & auto Service	\$ 845.19
453	United States Gypsum	\$ 19,983.33
660	O'Rielly Auto Parts	\$ 164.77
661	Seiling Auto Supply Inc.	\$ 181.92
790	Sunrise Environmental Services, Inc.	\$ 60.00
796	Wako, Inc.	\$ 14.70
859	United States Gypsum	\$ 26,164.13
454	Allied Custom Gypsum	\$ 17,905.27
1076	regions Interstate Billing Service	\$ 59.05
1079	Alco Discount Store #216	\$ 497.30
	Total	<u>\$ 103,034.50</u>

Effect: This condition could result in amounts being expended greater than that set forth by the budget.

Recommendation: OSAI recommends the County place an emphasis on encumbering funds prior to receiving goods or services.

Views of responsible officials and planned corrective actions: The District Attorney advised the County to pay these invoices from 2008-2009 appropriations. The County Clerk's office monitors the encumbrances at year end and has advised the officials to encumber for all invoices prior to year end.

**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 2008-2 –Sheriff Service Fee Official Depository Receipts**

Criteria: Title 28 O.S. § 9 states, "Every officer charging fees shall give a receipt therefor."

Condition: Receipts were not written for all monies received by the Sheriff's office for service fees.

Effect: The lack of receipts could result in undetected errors and misappropriation of funds.

**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Recommendation: OSAI recommends all monies received under color of office be receipted as set forth in 28 O.S. § 9.

Views of responsible officials and planned corrective action: The Sheriff has purchased separate duplicate, pre-numbered receipts for sheriff service fees.

**Finding 2008-4 – Inmate Trust Accounts – County Sheriff**

Criteria: In accordance with 19 O.S. § 531, the County Sheriff may establish a checking account for inmate trust funds. “The County Sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.” Also, goals of effective internal controls as they relate to governmental entities, is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, the following should be performed:

- Issue pre-numbered duplicate receipts for all collections in numerical order.
- Deposit collections on a daily basis.
- Post collections in a timely manner to accounting records.
- Retain voided receipts.
- Mark receipts as cash or check.
- Prepare bank reconciliations on a monthly basis.

Condition: The following exceptions were noted during our test of the months of March and May of 2008:

- Pre-numbered, duplicate receipts were not issued for all collections in numerical sequential order.
- Deposits were not made in a timely manner.
- Receipts were not marked as cash or check.
- Bank reconciliations were not prepared.

Effect: The absence of appropriate accounting records reduces effective custodial control over inmate trust funds and may increase the risk of errors going undetected and possible misappropriation of funds.

Recommendation: OSAI recommends the Sheriff issue pre-numbered duplicate receipts in sequential numerical order, deposit collections on a daily basis, mark receipts as cash or check, and prepare bank reconciliations on a monthly basis to provide effective controls over inmate trust accounting records.

Views of responsible officials and planned corrective action: All funds are deposited daily and pre-numbered duplicate receipts are issued for funds. The Sheriff has contracted with Tiger Commissary to provide accounting software for the commissary and bank reconciliations are performed monthly.

**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Finding 2008-5 – Prepaid Telephone Cards – County Sheriff**

Criteria: Goals of effective internal controls as they relate to governmental entities, is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, the following should be performed:

- Issue pre-numbered duplicate receipts for all collections in numerical order.
- Deposit collections on a daily basis.
- Post collections in a timely manner to accounting records.
- Retain voided receipts.
- Mark receipts as cash or check.

Condition: Pre-numbered, duplicate receipts were not issued routinely or in sequential numerical order to substantiate deposits and collections were not deposited daily for prepaid telephone cards.

Effect: Not properly issuing receipts or not depositing collections daily increases the risk of errors going undetected and possible misappropriation of funds.

Recommendation: OSAI recommends the Sheriff issue pre-numbered duplicate receipts in sequential numerical order, deposit collections on a daily basis, and mark receipts as cash, check, or money order to provide effective accounting practices over prepaid telephone card collections.

Views of responsible officials and planned corrective action: A separate receipt book is now maintained by the Sheriff for pre-paid phone cards. Pre-numbered duplicate receipts are issued for each collection and deposited daily with the County Treasurer.

**Finding 2008-6 – Consumable Inventory – District 3**

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

Condition: The audit of District 3's consumable inventory disclosed that the District does not maintain inventory cards for consumable road and bridge items purchased in lots of \$500.00 or more.

Effect: The absence of inventory cards could result in the misappropriation of assets.

Recommendation: OSAI recommends that District 3 prepare consumable inventory cards detailing the items purchased, transferred to locations, and the number of each consumable item on hand as set forth in 19 O.S. § 1502.

Views of responsible officials and planned corrective action: District 3 Commissioner has initiated a manual consumable inventory record, and is in the process of updating this inventory in the computer system.

**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Finding 2008-7 – Equipment Inventory – District 1**

Criteria: Title 19 O.S. § 178.1 states in part, "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 thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener..."

Condition: The following was noted:

- A. One item had not been posted to inventory records:

John Deere Tractor P.O. 3473      Warrant 2230

- B. Two items had been disposed of but not yet removed from inventory records:

Diamond Saw Blade Mower      I.D. #441-110  
John Deere Tractor w/cab 2 Wheel Drive I.D. #304-108

- C. Three items had been junked with no letter of disposition:

2 STG Air Compressor I.D. #406-102  
Electric Winch I.D. #408-001  
Magnavox TV I.D. #470-299

- D. Twenty-seven inventory items did not have county identification numbers attached to them.

Effect: Inventory items were not accurately accounted for and the County's assets may not be safeguarded.

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record as set forth in 19 O.S. § 178.1.

Views of responsible officials and planned corrective action: The District 1 County Commissioner has replaced all numbers on the inventory items and will correct inventory records with regard to dispositions and additions.

**Finding 2008-8 – Equipment Inventory – District 3**

Criteria: Title 19 O.S. § 178.1 states in part, "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



**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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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 thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener..."

Condition: A physical verification of all inventory items purchased with a cost of \$500.00 revealed the following exceptions:

A. Four items remained on inventory records but were not operational and should be disposed of by Resolution of the Board of County Commissioners.

- 205-004 Copier Cannon PC745
- 610-302 Heater Dayton
- 610-303 Heater Dayton
- 610-313 Computer Ultra RTS-C28

B. Three inventory items were visually verified but did not have inventory numbers attached to them and were not included on inventory records:

- 320-600 Sheep foot Roller
- 316-201 Scraper - On loan from District 2
- no number Grain Drill

C. Item 348-315 was recorded twice on the county inventory records. This duplicate item is a side dump trailer and should be disposed of by Board of County Commissioners.

D. The County's inventory records did not reflect a current and accurate listing of the radios costing \$500.00 or more.

E. Three inventory items appeared on inventory records; however they were not marked with inventory numbers:

- 354-301 Dump Bed MABA
- 410-304 Jack ATD
- 410-306 Bead Breaker KD

F. Four new inventory items did not appear on inventory records, but were visually verified with county I.D. numbers:

- 449-309 Crosley Ice Box
- 218-315 Hewlett Packard Computer/Printer
- 307-319 Motor grader John Deere 672D
- 307-320 Motor grader C140 M

**MAJOR COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Effect: Inventory items were not accurately accounted for and the County's assets may not be adequately safeguarded.

Recommendation: OSAI recommends the commissioner review, reconcile, and update inventory records with the County Clerk to detect errors and to maintain an accurate inventory record. Inventory items no longer operational should be disposed of through Board of County Commissioners Resolution and new inventory items should be added to the County's inventory listing as set forth in 19 O.S. § 178.1.

Views of responsible officials and planned corrective action: The District 3 County Commissioner has received inventory stickers and is attaching them to each piece of equipment. Inventory records will be updated to reflect additions and dispositions.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
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