

# McINTOSH COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

# COUNTY AUDIT



Jeff A. McMahan

Oklahoma State Auditor  
& Inspector

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

May 6, 2008

TO THE CITIZENS OF  
MCINTOSH COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day".

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

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

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

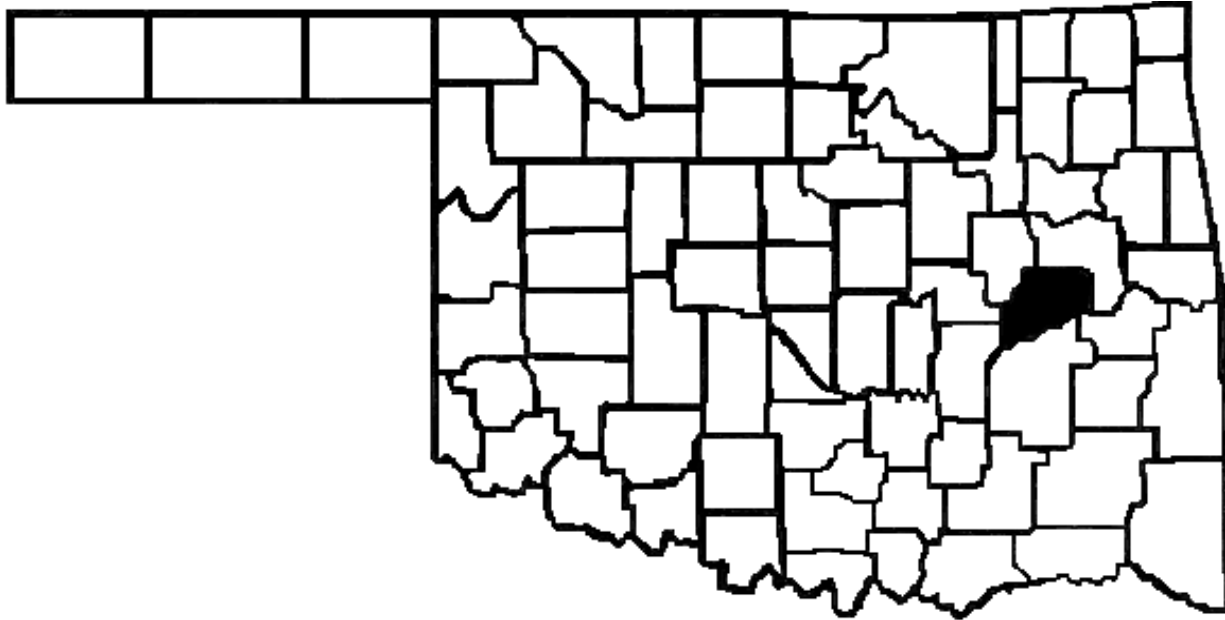
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**REPORT TO THE CITIZENS  
OF  
McINTOSH COUNTY, OKLAHOMA**

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Created at statehood from lands in the southern part of the Cherokee Nation, Indian Territory, McIntosh County was named for a well-known Creek family. The chief physical feature of the county is Lake Eufaula, which is comprised of 105,000 acres and is the largest body of water in Oklahoma.

The county seat, Eufaula, is located thirteen miles south of I-40 on U.S. 69. The Creeks immigrated into the area in 1836 and their influence is seen in names such as Eufaula, which comes from an old Creek town in Alabama called Yufala, “they split up here and went to other places.” The Asbury Mission Boarding School was established in 1849 by the Episcopal Church under a contract with the Creek Indian Council. Today it is the Eufaula Boarding School. The Indian Journal founded in 1876 and published in Eufaula, is the oldest surviving newspaper in the state. Tourism is the main industry in this area.

Checotah, established by the KATY railroad station, was named for a principal chief of the Creek Indians, Samuel Checote. The town, once a battleground where the Creek and Little Osage fought, is now a trade center for northern McIntosh and southwest Muskogee counties. It has a major clothing factory and an aluminum plant, and centers for ranching are located throughout the county.

For more information, call the county clerk’s office at (918) 689-2282.

County Seat – Eufaula

Area – 712.48 Square Miles

County Population – 19,939  
(2004 est.)

Farms – 944

Land in Farms – 266,403 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor’s report.

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

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**COUNTY ASSESSOR**

Vickie Hamm  
(D) Checotah

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**

Diana Curtis  
(D) Checotah

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.

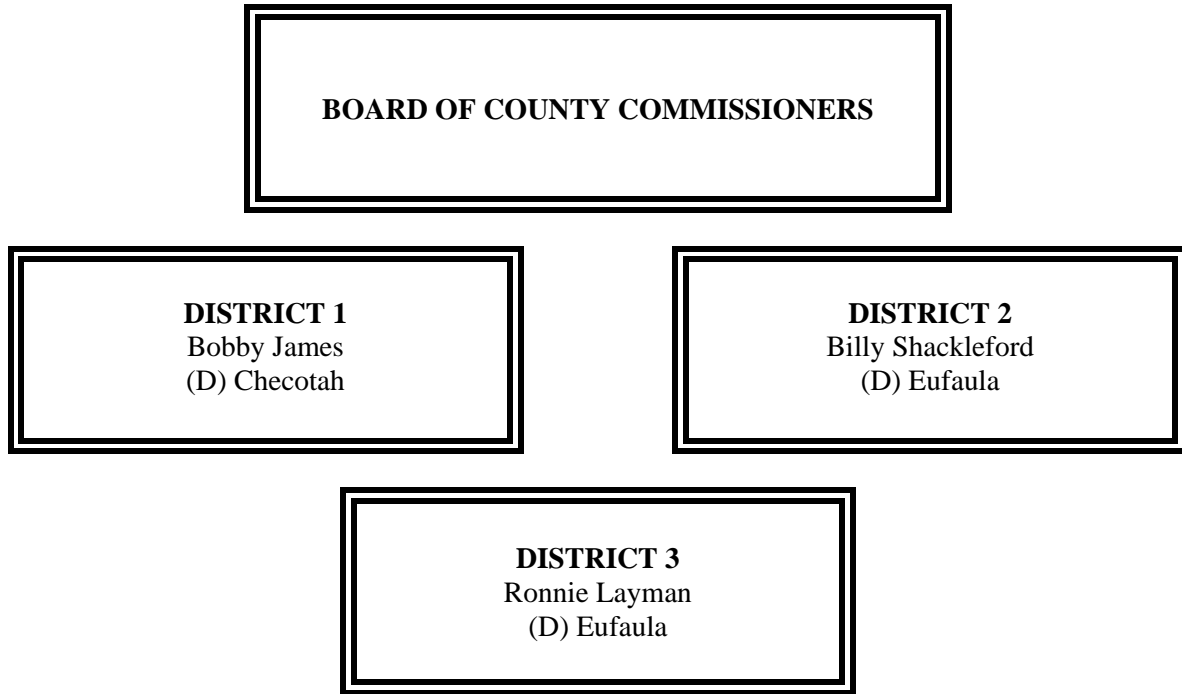
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

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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.



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

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**COUNTY SHERIFF**

Terry Jones  
(D) Eufaula

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**

Carol Lindley  
(D) Eufaula

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.

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

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**COURT CLERK**  
Carrie Pittman  
(D) Eufaula

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**  
Tom Giulioli  
(D) Okmulgee

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.

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

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**ELECTION BOARD SECRETARY**

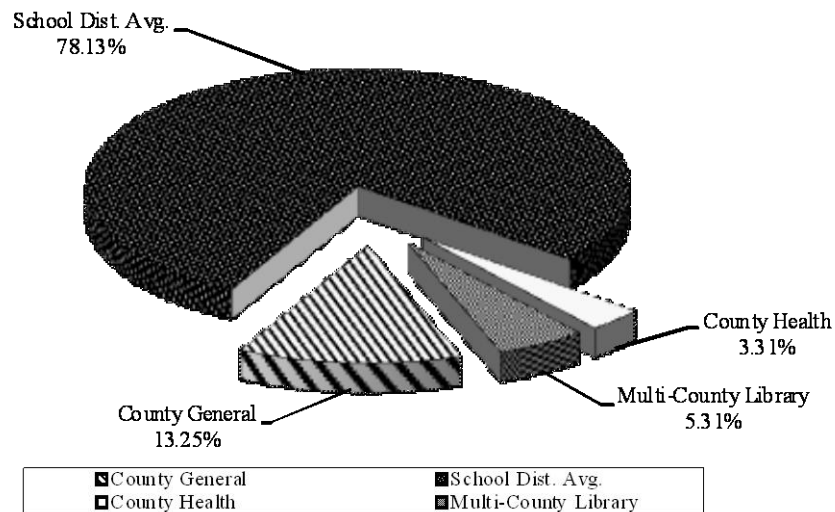
Polly Williams  
(D) Checotah

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.

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

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



County-Wide Millages			School District Millages						
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.00		Ryal	D-3	35.00	5.00			44.00
County Health	2.50		Stidham	D-16	35.00	5.00	12.00	4.00	56.00
Multi-County Library	4.00		Eufaula	I-1	35.00	5.00	9.43	4.00	65.43
			Checotah	I-9A	35.00	5.00	10.90	4.00	64.90
			Midway	J-27	35.00	5.00	12.20	4.00	66.20
			Hanna	I-64	35.00	5.00	5.00	4.00	49.00
			Okmulgee	J-2	35.00	5.00	8.76	4.00	52.76
			Okmulgee	J-8	35.00	5.00	14.56	4.00	68.56
			Hughes	J-9	35.00	5.00	8.29	4.00	57.29
			Muskogee	J-74	35.00	5.00	11.98	4.00	55.98
			Okfuskee	J-31	35.00	5.00	5.00	4.00	49.00
			Okfuskee	J-32	35.00	5.00	16.83	4.00	65.83

See independent auditor's report.

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

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Total net assessed value as of January 1, 2005		<u><u>\$ 77,974,495</u></u>
Debt limit - 5% of total assessed value		3,898,725
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>30</u>	<u>-</u>
Legal debt margin		<u><u>\$ 3,898,725</u></u>

See independent auditor's report.

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

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	<u>2006</u>
Estimated population	<u>19,939</u>
Net assessed value as of January 1, 2005	<u>\$ 77,974,495</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>30</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

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

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<b>Valuation Date</b>	<b>Personal</b>	<b>Public Service</b>	<b>Real Estate</b>	<b>Homestead Exemption</b>	<b>Net Value</b>	<b>Estimated Fair Market Value</b>
1/1/2005	\$10,302,299	\$11,559,182	\$61,033,746	\$4,920,732	\$77,974,495	\$701,051,236

See independent auditor's report.

## **FINANCIAL SECTION**





STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
McINTOSH COUNTY, OKLAHOMA

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2008, on our consideration of McIntosh 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.



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

April 3, 2008

## **Basic Financial Statement**

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

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
<b>Combining Information:</b>				
General Fund	\$ 1,615,961	\$ 3,039,663	\$ 3,288,339	\$ 1,367,285
Sinking Fund	30			30
County Health	137,384	264,214	253,404	148,194
Highway Cash	801,059	2,539,568	2,639,746	700,881
HAVIR Cash Fund	1,142			1,142
County Assessor Fees Cash	33,688	5,768	538	38,918
Mortgage Tax Cash Fund	20,889	6,184	8,346	18,727
County Clerk's M&M Cash Fund	52,888	35,655	24,003	64,540
MCDA	7,861	50,837	49,837	8,861
RM&P	86,310	50,855	43,294	93,871
Community Service Cash Fund	29,488			29,488
COPS Cash Fund	1,789	3,011	4,517	283
Sheriff's Drug Buy Cash Fund	3,132			3,132
Lake Patrol Cash Fund		10,464	7,650	2,814
Trash Cop	500			500
Sheriff's Revolving Narcotic Cash	55,977	7,143	46,286	16,834
Sheriff's Board of Prisoners	233	57,415	37,285	20,363
Sheriff Service Fee	26,592	123,626	108,458	41,760
Sheriff's Training Fund	168			168
Resale Cash Fund	199,108	100,274	90,937	208,445
EOP-Upgrade Grant	5			5
CDBG-Rural Water Dist #9	1			1
REAP Emergency Response	726		726	
REAP Hickory Hills	142			142
REAP Rentiesville	117			117
REAP Texanna Road Chip	419			419
REAP Vivian Fire Department	9,731			9,731
Storm Shelter Grant	2,406	11,594	12,857	1,143
CDBG Mellette Road		32,391	32,391	
<b>Combined Total - All County Funds</b>	<b>\$ 3,087,746</b>	<b>\$ 6,338,662</b>	<b>\$ 6,648,614</b>	<b>\$ 2,777,794</b>

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

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

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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 McIntosh 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:

General Fund – revenues are from ad valorem, sales tax, officers' fees, interest earnings and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Sinking Fund – accounts for monies collected from ad valorem taxes for payment of bonds or judgments against the County. The County has no long-term debt and this balance will eventually be transferred to the general fund.

County Health – revenues are from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds. Disbursements are for the operation of the county health department.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

HAVIR Cash Fund – accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

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

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County Assessor Fees Cash – revenues are from fees charged by the County Assessor. Disbursements are for any lawful expense of the Assessor's office.

Mortgage Tax Cash Fund – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

County Clerk's M&M Cash Fund – revenues are from a fee charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the County Clerk's office.

MCDA (McIntosh County Development Authority) – accounts for the collection and disbursement of funds used to improve public works throughout the County.

RM&P – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

Community Service Cash Fund – accounts for the collection and disbursement of monies provided to the Sheriff's office for individuals providing community service. The expenditures consist of items used for Community Service activities.

COPS Cash Fund – balance of a federal grant received for the payroll of Sheriff's officers.

Sheriff's Drug Buy Cash Fund – accounts for the collection of the Sheriff's percentage of drug forfeiture.

Lake Patrol Cash Fund – accounts for the collection of monies from the Corp of Engineers for the payroll of a part time patrol officer.

Trash Cop – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Sheriff's Revolving Narcotic Cash – accounts for the collection of drug money seized in crimes and forfeited to the Sheriff's office via court order. Disbursements are made for any lawful expenditure of the Sheriff's office.

Sheriff's Board of Prisoners – accounts for the collection and disbursement of money supplied to the Sheriff's office for the housing of prisoners for towns, tribes, and other counties. This money can be used for any lawful expenditure of the Sheriff's office.

Sheriff Service Fee – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

Sheriff's Training Fund – accounts for the collection and disbursement of money supplied to the Sheriff's office for the training of officers.

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

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Resale Cash Fund – revenues are from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

EOP-Upgrade Grant – balance of grant funds not fully disbursed during the project.

CDBG Rural Water District #9 – accounts for monies from a Community Development Block Grant provided for water system improvements for Rural Water District #9.

REAP Emergency Response – revenues are from a State Rural Economic Action Plan Grant provided for the purchase of equipment for the McIntosh County Emergency Response Team.

REAP Hickory Hills – revenues are from a State Rural Economic Action Plan Grant provided for a double chip and seal on Texanna Road (Hickory Hills Addition).

REAP Rentiesville – revenues are from a State Rural Economic Action Plan Grant provided for the purchase of equipment for the Rentiesville Fire Department.

REAP Texanna Road Chip – revenues are from a State Rural Economic Action Plan Grant provided for the road chipping of Texanna Road.

REAP Vivian Fire Department – revenues are from a State Rural Economic Action Plan Grant provided for the building of an addition to the Vivian Area Fire Protection Association Fire Station.

Storm Shelter Grant – accounts for federal grant funds used for the establishment of residential storm shelters.

CDBG Mellette Road – accounts for federal funds through a Community Development Block Grant provided for repairing Mellette Road.

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

**C. Basis of Accounting**

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

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

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This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**D. Budget**

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

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

**E. Cash**

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

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

**F. Investments**

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

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



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

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

**G. Compensated Absences**

Vacation leave is accrued monthly and employees may accumulate up to 5 days. Employees with 1 to 2 years of service earn 5 days per year. Employees with 3 to 10 years of service earn 10 days per year. Employees with 11 to 25 years of service earn 15 days per year, and employees with an excess of 25 years of service earn 20 vacation days per year. Upon separation, an employee is not paid the balance of accrued vacation leave except upon retirement.

All full-time employees are entitled to paid sick leave benefits of 10 days per year. Employees may accumulate up to 160 hours of leave. Upon employment separation, an employee may not collect pay for accrued sick leave.

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2005, was approximately \$77,974,495.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for county health department, and 4.00 mills for the multi-county library. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2006, were approximately 96.08 percent of the tax levy.

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

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**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.
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

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

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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 includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004, were \$241,414, \$201,649, and \$199,349, respectively, equal to the required contributions for each year.

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

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**7. Other Post Employment Benefits (OPEB)**

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

**8. Contingent Liabilities**

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

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

**9. Sales Tax**

The voters of McIntosh County approved a 1% sales tax through a special election on June 11, 2002, that went into effect on August 14, 2002. This sales tax has an unlimited duration. The sales tax was established to provide revenue for the following: Senior Citizens Organizations-5.0%; Rural Fire Departments-10.0%; Office of Emergency Management-0.5%; OSU Extension Office-3.5%; McIntosh County Fair Board-2.0%; County Commissioners – M&O of Roads & Bridges-23.0%; County Clerk-5.0%; County Assessor-2.5%; County Treasurer-2.5%; Court Clerk-2.0%; County Sheriff-12.0%; County Government-19.0%; Maintenance & Repairs to McIntosh County Courthouse-7.0%; Library-5.0%; Collection Fee to Oklahoma Tax Commission-1.0%.

**10. Investigative Audit**

The State Auditor and Inspector's Office conducted a special investigative audit concerning the Assessor's financial records for the period of July 1, 2002 through September 26, 2006. It was noted, that the County Assessor did not deposit into the County General Fund all monies received. It was determined that \$79,302.67 of County funds was not deposited by the County Assessor. Of this amount, \$79,298.67 has been repaid. These findings will not have a material effect on the basic financial statement for the year ending June 30, 2006.

## **OTHER SUPPLEMENTARY INFORMATION**

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,615,961	\$ 1,615,961	\$ 1,615,961	\$ -
Less: Prior Year Outstanding Warrants	(157,453)	(157,453)	(157,453)	
Less: Prior Year Encumbrances	(65,933)	(65,933)	(63,980)	1,953
Beginning Cash Balances, Budgetary Basis	1,392,575	1,392,575	1,394,528	1,953
Receipts:				
Ad Valorem Taxes	708,859	708,859	796,283	87,424
Sales Tax	1,195,000	1,195,000	1,429,738	234,738
Charges for Services	170,000	170,000	155,988	(14,012)
Intergovernmental Revenues	294,715	294,715	339,024	44,309
Miscellaneous Revenues	18,500	244,606	318,630	74,024
Total Receipts, Budgetary Basis	2,387,074	2,613,180	3,039,663	426,483
Expenditures:				
District Attorney	10,000	10,000	6,724	3,276
Total District Attorney	10,000	10,000	6,724	3,276
County Sheriff	402,800	362,800	359,511	3,289
Capital Outlay	43,341	95,536	94,374	1,162
Total County Sheriff	446,141	458,336	453,885	4,451
County Treasurer	80,050	80,050	80,037	13
Total County Treasurer	80,050	80,050	80,037	13
County Commissioners	8,500	8,500	7,837	663
Total County Commissioners	8,500	8,500	7,837	663
County Clerk	77,400	83,700	83,608	92
Total County Clerk	77,400	83,700	83,608	92
Court Clerk	50,600	208,527	203,527	5,000
Total Court Clerk	50,600	208,527	203,527	5,000
County Assessor	75,781	76,196	76,196	
Total County Assessor	75,781	76,196	76,196	-

continued on next page

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

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	258,800	258,500	223,759	34,741
Total Revaluation of Real Property	258,800	258,500	223,759	34,741
Fair Board	14,000	14,000	12,795	1,205
Total Fair Board	14,000	14,000	12,795	1,205
General Government	457,016	501,214	448,808	52,406
Total General Government	457,016	501,214	448,808	52,406
Excise-Equalization Board	9,750	9,750	8,781	969
Total Excise-Equalization Board	9,750	9,750	8,781	969
County Election Board	44,888	50,744	49,358	1,386
Total County Election Board	44,888	50,744	49,358	1,386
Sales Tax Sheriff	181,984	181,984	175,080	6,904
Total Sales Tax Sheriff	181,984	181,984	175,080	6,904
Sales Tax Treasurer	50,600	50,600	41,062	9,538
Capital Outlay	10,806	10,806	175	10,631
Total Sales Tax Treasurer	61,406	61,406	41,237	20,169
Sales Tax County Clerk	178,600	178,600	140,196	38,404
Capital Outlay	56,622	56,622	16,851	39,771
Total Sales Tax County Clerk	235,222	235,222	157,047	78,175
Sales Tax County Assessor	58,828	58,828	45,233	13,595
Capital Outlay	5,000	5,000	1,700	3,300
Total Sales Tax County Assessor	63,828	63,828	46,933	16,895
Sales Tax Court Clerk	42,000	42,000	40,291	1,709
Capital Outlay	15,159	15,159		15,159
Total Sales Tax Court Clerk	57,159	57,159	40,291	16,868
Sales Tax OSU Extension	55,668	62,302	46,515	15,787
Capital Outlay	10,432	10,432	6,618	3,814
Total Sales Tax OSU Extension	66,100	72,734	53,133	19,601

continued on next page

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

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Sales Tax General Government	301,041	302,841	302,575	266
Total Sales Tax General Government	301,041	302,841	302,575	266
Sales Tax Courthouse	326,080	334,935	195,516	139,419
Total Sales Tax Courthouse	326,080	334,935	195,516	139,419
Sales Tax Highway	381,942	364,167	323,672	40,495
Total Sales Tax Highway	381,942	364,167	323,672	40,495
Sales Tax Library	73,894	73,894	73,894	
Total Sales Tax Library	73,894	73,894	73,894	-
Sales Tax Fair Board	59,264	59,264	21,850	37,414
Total Sales Tax Fair Board	59,264	59,264	21,850	37,414
Sales Tax EMS	10,280	10,280	7,205	3,075
Total Sales Tax EMS	10,280	10,280	7,205	3,075
Sales Tax Senior Citizens	88,005	88,005	49,944	38,061
Total Sales Tax Senior Citizens	88,005	88,005	49,944	38,061
Sales Tax Rural Fire	332,721	332,721	201,625	131,096
Total Sales Tax Rural Fire	332,721	332,721	201,625	131,096
County Audit Budget Account	7,797	7,798		7,798
Total County Audit Budget Account	7,797	7,798	-	7,798
 Total Expenditures, Budgetary Basis	 3,779,649	 4,005,755	 3,345,317	 660,438
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,088,874	<u>\$ 1,088,874</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			80,903	
Add: Current Year Outstanding Warrants			197,508	
Ending Cash Balance			<u>\$ 1,367,285</u>	

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



**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY HEALTH DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 137,384	\$ 137,384	\$ 137,384	\$ -
Less: Prior Year Outstanding Warrants	(9,627)	(9,627)	(9,627)	
Less: Prior Year Encumbrances	(14,912)	(14,912)	(14,912)	
Beginning Cash Balances, Budgetary Basis	112,845	112,845	112,845	-
Receipts:				
Ad Valorem Taxes	177,214	177,214	192,151	14,937
Miscellaneous Revenues		60,462	72,063	11,601
Total Receipts, Budgetary Basis	177,214	237,676	264,214	26,538
Expenditures:				
Health and Welfare	290,059	319,887	235,323	84,564
Capital Outlay		30,634	2,148	28,486
Total Expenditures, Budgetary Basis	290,059	350,521	237,471	113,050
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	139,588	\$ 139,588
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			4,700	
Add: Current Year Outstanding Warrants			3,906	
Ending Cash Balance			\$ 148,194	

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

**McINTOSH COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES—SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Beginning Cash Balance	<u>\$ 30</u>
Receipts:	
Total Receipts	<u>-</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 30</u></u>

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

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

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year, unencumbered appropriations lapse.

**2. Sinking Fund Schedule**

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

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

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

TO THE OFFICERS OF  
MCINTOSH COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of McIntosh County, Oklahoma, as of and for the year ended June 30, 2006, which comprises McIntosh County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 3, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

#### Compliance and Other Matters

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

We noted a certain matter that we reported to the management of McIntosh County, which is included in Section 2 of the schedule of findings and responses contained in this report.

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



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

April 3, 2008

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

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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 2006-1—Segregation of Duties (Repeat Finding)**

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

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

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

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

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

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

**Finding 2006-2—Fuel Log Not Maintained (Repeat Finding)**

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: District 3 does not maintain fuel logs that can be reconciled to a physical measurement.

Effect: This condition results in control deficiencies in the safeguarding of inventory assets.

Recommendation: We recommend that a fuel log be maintained with a balance that can be reconciled weekly to a physical measurement.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings and are implementing procedures to correct this issue.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
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