

# MURRAY COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006



# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

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

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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January 15, 2009

TO THE CITIZENS OF  
MURRAY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Murray 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 'Steve Burrage'.

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

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

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

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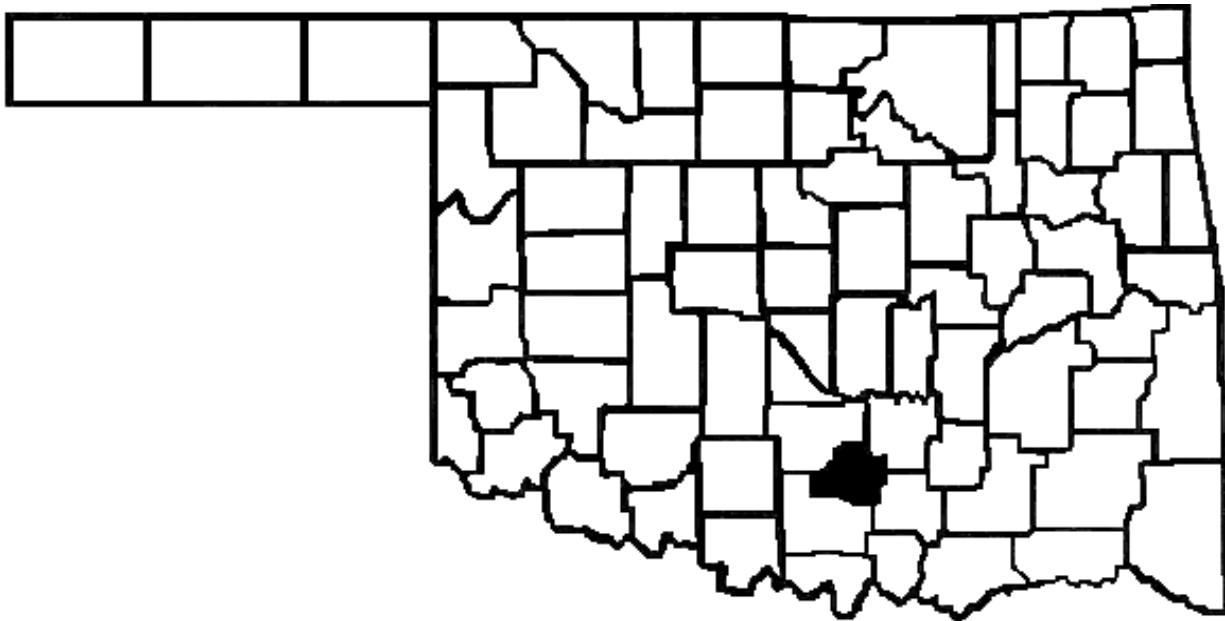
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**REPORT TO THE CITIZENS  
OF  
MURRAY COUNTY, OKLAHOMA**

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Created at statehood from part of the Chickasaw Nation, Murray County was named for William H. Murray, a governor of Oklahoma.

Sulphur, the county seat, was originally called Sulphur Springs for the bromide and sulphur waters that attracted thousands of people to the area early in the century. The Arbuckle Mountains, Turner Falls, and the Chickasaw National Recreational Area, including the 2,400-acre Lake of the Arbuckles, have made Murray County a leading tourist attraction.

Initial Point, which determines the legal description of all land in Oklahoma except for the Panhandle, is located in Murray County some six miles west of Davis. Intersecting this point, the Indian Base Line runs east and west, and the Indian Meridian runs north and south. A sandstone marker indicating the spot is located in a pasture on privately owned land. For more information, call the county clerk's office at (580) 622-3920.

County Seat – Sulphur

Area – 424.92 Square Miles

County Population – 12,682  
(2004 est.)

Farms – 525

Land in Farms – 202,136 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

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

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**COUNTY ASSESSOR**  
Scott Kirby

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**  
David Thompson

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.

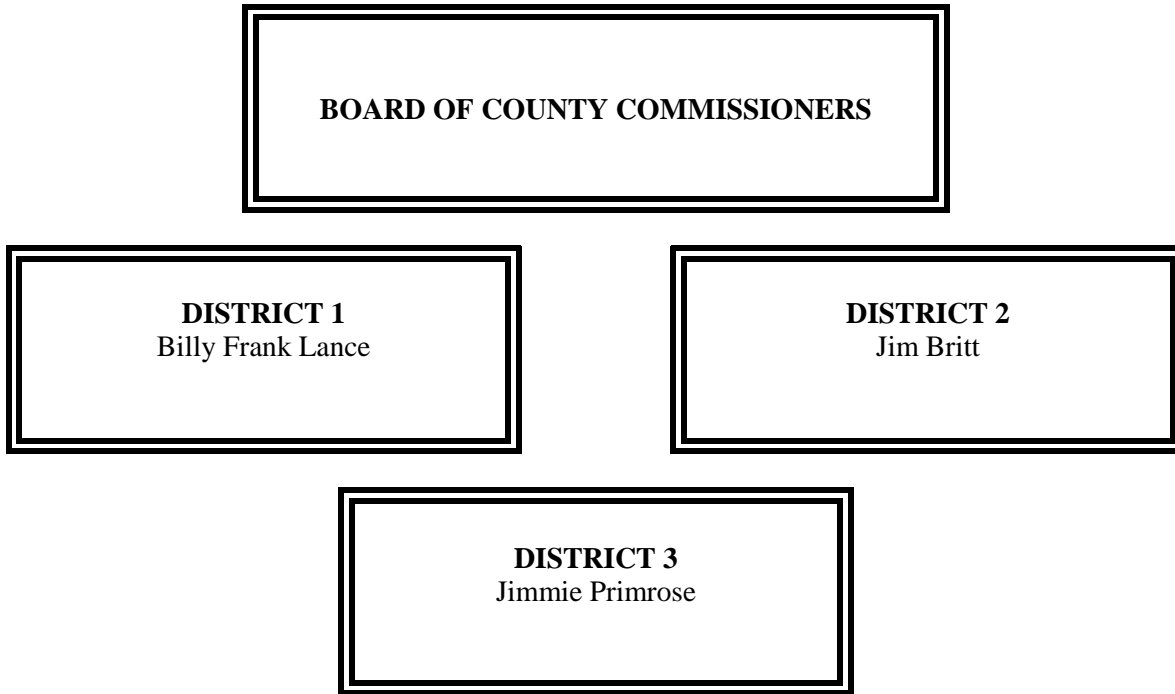
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**MURRAY 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.



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

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**COUNTY SHERIFF**  
Darin Rogers

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**  
Barbara Woods

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.

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

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**COURT CLERK**  
Jo Freeman

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**  
Craig Ladd

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.

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

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**ELECTION BOARD SECRETARY**  
Rosa Thomas

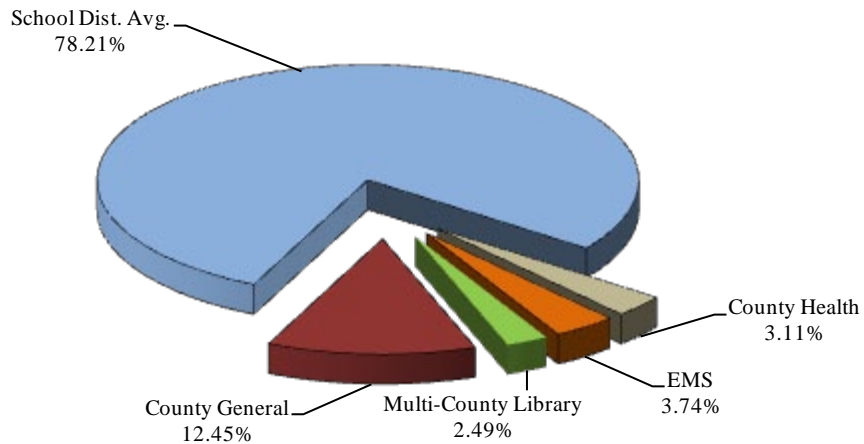
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**MURRAY 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	Career Tech Bldg.	Common	Total
County General	10.37									
County Health	2.59	Sulphur	I-1	36.12	5.16	9.74	8.16	2.03	4.14	65.35
County Ambulance	3.11	Davis	I-10	36.10	5.16		8.16	2.03	4.14	55.59
Multi-County Library	2.07	Roff	JT I-37	39.10	5.59	8.58	11.06	2.00	4.14	70.47
		Wynnewood	JT I-38	36.75	5.25	7.04	10.42	1.05	4.14	64.65
		Elmore City	JT I-72	41.00	5.80	21.03	10.42	1.05	4.14	83.44
		Mill Creek	JT I-2	41.19	5.88				4.14	51.21
<u>Cities and Towns</u>										
Davis (Sinking)	10.00									

See independent auditor's report.

**MURRAY 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>\$ 43,029,872</u>
Debt limit - 5% of total assessed value		2,151,494
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>7,423</u>	<u>-</u>
Legal debt margin		<u>\$ 2,151,494</u>

See independent auditor's report.

**MURRAY 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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	2006
Estimated population	12,682
Net assessed value as of January 1, 2005	\$ 43,029,872
Gross bonded debt	-
Less available sinking fund cash balance	7,423
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

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

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2005	\$6,715,554	\$10,517,186	\$29,375,714	\$3,578,582	\$43,029,872	\$346,787,639

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](http://www.sai.ok.gov)

## Independent Auditor's Report

### TO THE OFFICERS OF MURRAY COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Murray 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 Murray 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 Murray 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 Murray 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 September 30, 2008, on our consideration of Murray 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

September 30, 2008

## **Basic Financial Statement**

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

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:				
County General Fund	\$ 1,874,982	\$ 1,857,331	\$ 1,733,852	\$ 1,998,461
T-Highway	780,446	1,402,926	1,463,301	720,071
County Health	83,581	112,555	116,171	79,965
Resale Property	58,067	30,043	29,477	58,633
County Clerk Lien Fee	1,924	5,741	4,548	3,117
County Clerk RM&P	48,878	21,169	5,988	64,059
Sheriff Special Fee	11,632	72,320	44,474	39,478
County Treasurer Fee	11,223	4,200	2,775	12,648
Assessor Visual Inspection	4,447	1,340	3,686	2,101
Community Service Sentencing Program	435			435
Sheriff DOC	26,291	55,312	59,391	22,212
Sheriff Drug Forfeiture	9	26,000	22,711	3,298
Child Abuse Prevention	2,813			2,813
Courthouse Restoration Special	138			138
CENA - Dougherty Sr. Citizens Grant	6,989	5,393		12,382
CENA - Murray County Nutrition	321			321
CENA - Murray Parking	2,440			2,440
CENA - Hickory Sr. Citizens Grant	68	1,340	68	1,340
Fair Barn Renovation	4,582		462	4,120
Rock Prairie Rural Fire	1,982			1,982
Court Clerk Trust Voucher	8,821			8,821
Work Force Center	4,168	20,400	23,985	583
County Sinking	7,423			7,423
Fair Barn	925	12,555	11,905	1,575
CDBG Grant #11114				
CDBG Reap - 3 Grant		2,250	2,250	
SODA Civil Defense Grant	8,000		8,000	
Sheriff's Community Grant		2,000	1,274	726
Arbuckle Memorial Hospital Sales Tax	78,298	973,257	964,716	86,839
<b>Combined Total -- All County Funds</b>	<b>\$ 3,028,883</b>	<b>\$ 4,606,132</b>	<b>\$ 4,499,034</b>	<b>\$ 3,135,981</b>

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

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

**B. Fund Accounting**

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

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

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

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

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

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

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

County Clerk RM&P – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

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

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

County Treasurer Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statutes.

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

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

Sheriff DOC – accounts for the monies received from the State of Oklahoma for the boarding and feeding of DOC prisoners and for service fees received for transportation of inmates and juvenile.

Sheriff Drug Forfeiture – accounts for the collection of the Sheriff's percentage of drug forfeiture.

Child Abuse Prevention – accounts for monies received from jurors to aid in the prevention of child abuse.

Courthouse Restoration Special – accounts for grant monies received and disbursed as restricted by the grant agreement.

CENA-Dougherty Senior Citizens Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

CENA-Murray County Nutrition – Community Expansion for Nutritional Assistance - accounts for grant funds received for the maintenance and operation of senior citizens centers within the County.

CENA-Murray Parking – Community Expansion for Nutritional Assistance - accounts for grant funds received for the maintenance and operation of senior citizens center within the County.

CENA-Hickory Senior Citizens Grant – Community Expansion for Nutritional Assistance - accounts for grant funds received for the maintenance and operation of senior citizens center within the County.

Fair Barn Renovation – accounts for grant monies received and disbursed as restricted by the grant agreement.

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

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Rock Prairie Rural Fire – accounts for grant monies received and disbursed as restricted by grant agreement.

Court Clerk Trust Voucher – accounts for a special encumbrance from the Court Fund approved by the Chief Justice of Oklahoma for the purpose of purchasing computer equipment.

Work Force Center – accounts for rent collected from the fairgrounds building and disbursed for payment of the buildings' utilities.

County Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. Murray County currently has no long-term debt. The remaining balance in the County sinking fund will be transferred to the general fund.

Fair Barn – accounts for the collection of revenues generated from building rent, booth rental, and other fees.

CDBG Grant #11114 – accounts for grant monies received and disbursed as restricted by the grant agreement.

CDBG REAP – 3 Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

SODA Civil Defense Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff's Community Grant – accounts for grant monies received from Wal-Mart Foundation disbursed for equipment and supplies for community services.

Arbuckle Memorial Hospital Sales Tax – accounts for monies collected from County sales tax revenue and disbursed for the operation of the Arbuckle Memorial Hospital.

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

**C. Basis of Accounting**

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

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

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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, 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 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
- Repurchase agreements



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

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- 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**

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 4 years earn 10 days per year. Employees with service years exceeding 4 years earn 15 days per year. Vacation leave is accrued monthly.

Sick leave benefits are accrued at the rate of 8 hours per month and employees may accumulate up to 60 days. Sick leave is not paid upon termination.

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2005, was approximately \$43,029,872.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.37 mills for general fund operations, 2.59 mills for county health department, 2.07 mills for multi-county library, and 3.11 mills for emergency medical service. 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 97.98 percent of the tax levy.

**MURRAY 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

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

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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 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 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004, were \$166,448, \$125,162, and \$119,117, respectively, equal to the required contributions for each year.

**MURRAY 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.

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 lawsuits would not be determinable.

**9. Sales Tax**

Effective September 11, 2002, for a period of ten years, the County will realize additional revenue from a one-cent sales tax levy. The purpose of the tax is to provide revenues for general government; county commissioners; economic development; Sulphur Chamber of Commerce; Davis Chamber of Commerce; senior citizens' organizations; rural fire department; civil defense; OSU extension office; Murray County fair barn; home extension organizations; 4-H club organizations; the office of the county clerk, court clerk, assessor, treasurer, sheriff, and courthouse restoration.

Effective January 1, 2002, for a period of five years, the County will realize additional revenue from a one-cent sales tax levy. The purpose of the tax is to provide revenue exclusively for the operation, improvements to, and maintenance of the Arbuckle Memorial Hospital.

**OTHER SUPPLEMENTARY INFORMATION**

**MURRAY 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	\$ 1,874,982	\$ 1,874,982	\$ 1,874,982	\$ -
Less: Prior Year Outstanding Warrants	(80,345)	(80,345)	(80,345)	
Less: Prior Year Encumbrances	(58,950)	(58,950)	(45,868)	13,082
Beginning Cash Balances, Budgetary Basis	<u>1,735,687</u>	<u>1,735,687</u>	<u>1,748,769</u>	<u>13,082</u>
Receipts:				
Ad Valorem Taxes	405,654	405,654	432,623	26,969
Charges for Services	57,000	57,000	83,862	26,862
Intergovernmental Revenues	511,306	511,306	1,236,322	725,016
Miscellaneous Revenues	45,000	54,537	104,524	49,987
Total Receipts, Budgetary Basis	<u>1,018,960</u>	<u>1,028,497</u>	<u>1,857,331</u>	<u>828,834</u>
Expenditures:				
District Attorney	8,500	8,500	8,086	414
Total District Attorney	<u>8,500</u>	<u>8,500</u>	<u>8,086</u>	<u>414</u>
County Sheriff	205,958	224,856	224,849	7
Total County Sheriff	<u>205,958</u>	<u>224,856</u>	<u>224,849</u>	<u>7</u>
County Treasurer	67,184	102,612	102,610	2
Total County Treasurer	<u>67,184</u>	<u>102,612</u>	<u>102,610</u>	<u>2</u>
County Commissioners	16,793	16,793	10,073	6,720
Total County Commissioners	<u>16,793</u>	<u>16,793</u>	<u>10,073</u>	<u>6,720</u>
OSU Extension	16,822	44,717	44,661	56
Total OSU Extension	<u>16,822</u>	<u>44,717</u>	<u>44,661</u>	<u>56</u>
County Clerk	97,152	134,683	134,683	
Total County Clerk	<u>97,152</u>	<u>134,683</u>	<u>134,683</u>	<u>-</u>
Court Clerk	61,044	74,072	74,072	
Total Court Clerk	<u>61,044</u>	<u>74,072</u>	<u>74,072</u>	<u>-</u>
County Assessor	56,054	67,205	67,205	
Total County Assessor	<u>56,054</u>	<u>67,205</u>	<u>67,205</u>	<u>-</u>

continued on next page

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

**MURRAY 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	93,292	93,292	92,256	1,036
Total Revaluation of Real Property	93,292	93,292	92,256	1,036
General Government	137,805	137,805	85,415	52,390
Total General Government	137,805	137,805	85,415	52,390
Excise-Equalization Board	2,600	2,600	2,250	350
Total Excise-Equalization Board	2,600	2,600	2,250	350
County Election Board	47,466	49,352	48,180	1,172
Total County Election Board	47,466	49,352	48,180	1,172
Insurance	193,568	339,118	300,144	38,974
Total Insurance	193,568	339,118	300,144	38,974
4H Sales Tax	6,075	6,075	5,587	488
Total 4H Sales Tax	6,075	6,075	5,587	488
Sheriff Sales Tax	51,827	32,929	32,633	296
Total Sheriff Sales Tax	51,827	32,929	32,633	296
Treasurer Sales Tax	79,932	44,504		44,504
Total Treasurer Sales Tax	79,932	44,504	-	44,504
Civil Defense Sales Tax	12,595	12,595	3,400	9,195
Total Civil Defense Sales Tax	12,595	12,595	3,400	9,195
Senior Citizens Sales Tax	144,772	144,772	35,093	109,679
Total Senior Citizens Sales Tax	144,772	144,772	35,093	109,679
County Commissioners Sales Tax	429,705	429,705	287,726	141,979
Total County Commissioners Sales Tax	429,705	429,705	287,726	141,979
Sheriff Reserve Deputy Sales Tax	17,965	17,965	14,184	3,781
Total Sheriff Reserve Deputy Sales Tax	17,965	17,965	14,184	3,781
Fire Department Sales Tax	97,285	106,285	71,882	34,403
Total Fire Department Sales Tax	97,285	106,285	71,882	34,403
Agri Sales Tax	27,896	1		1
Total Agri Sales Tax	27,896	1	-	1

continued on next page

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

**MURRAY 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**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Clerk Sales Tax	53,978	16,447	2,832	13,615
Total County Clerk Sales Tax	53,978	16,447	2,832	13,615
Assessor Sales Tax	78,032	68,081	31,167	36,914
Total Assessor Sales Tax	78,032	68,081	31,167	36,914
Home Extension Sales Tax	9,416	9,416	2,950	6,466
Total Home Extension Sales Tax	9,416	9,416	2,950	6,466
General Govt Economic Development Sales Tax	18,597	18,597	18,597	
Total General Govt Economic Development Sales Tax	18,597	18,597	18,597	-
Court Clerk Sales Tax	109,823	96,795	690	96,105
Total Court Clerk Sales Tax	109,823	96,795	690	96,105
General Government Sales Tax	276,939	128,840	43,269	85,571
Total General Government Sales Tax	276,939	128,840	43,269	85,571
Free Fair Sales Tax	40,001	40,001	23,644	16,357
Total Free Fair Sales Tax	40,001	40,001	23,644	16,357
Court Restore Sales Tax	226,417	226,417	10,538	215,879
Total Court Restore Sales Tax	226,417	226,417	10,538	215,879
Collection Fees Sales Tax	59,927	59,927	3,290	56,637
Total Collection Fees Sales Tax	59,927	59,927	3,290	56,637

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



**MURRAY 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**

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Sulphur Chamber of Commerce Sales Tax	<u>2,523</u>	<u>2,523</u>	<u>2,342</u>	<u>181</u>
Total Sulphur Chamber of Commerce Sales Tax	<u>2,523</u>	<u>2,523</u>	<u>2,342</u>	<u>181</u>
Davis Chamber of Commerce Sales Tax	<u>2,401</u>	<u>2,401</u>	<u>2,262</u>	<u>139</u>
Total Davis Chamber of Commerce Sales Tax	<u>2,401</u>	<u>2,401</u>	<u>2,262</u>	<u>139</u>
County Audit Budget Account	<u>4,303</u>	<u>4,303</u>	<u>4,303</u>	
Total County Audit Budget Account	<u>4,303</u>	<u>4,303</u>	<u>4,303</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>2,754,647</u>	<u>2,764,184</u>	<u>1,790,873</u>	<u>973,311</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,815,227	<u>\$ 1,815,227</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			67,999	
Add: Current Year Outstanding Warrants			<u>115,235</u>	
Ending Cash Balance			<u>\$ 1,998,461</u>	

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

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

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 83,581	\$ 83,581	\$ 83,581	\$ -
Less: Prior Year Outstanding Warrants	(13,059)	(13,059)	(13,059)	
Less: Prior Year Encumbrances	(1,637)	(1,637)	(1,300)	337
Beginning Cash Balances, Budgetary Basis	<u>68,885</u>	<u>68,885</u>	<u>69,222</u>	<u>337</u>
Receipts:				
Ad Valorem Taxes	101,315	101,315	108,041	6,726
Miscellaneous Revenues		10,804	4,514	(6,290)
Total Receipts, Budgetary Basis	<u>101,315</u>	<u>112,119</u>	<u>112,555</u>	<u>436</u>
Expenditures:				
Health and Welfare	159,000	164,004	106,221	57,783
Capital Outlay	11,200	17,000	4,355	12,645
Total Expenditures, Budgetary Basis	<u>170,200</u>	<u>181,004</u>	<u>110,576</u>	<u>70,428</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	71,201	<u>\$ 71,201</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			692	
Add: Current Year Outstanding Warrants			8,072	
Ending Cash Balance			<u>\$ 79,965</u>	

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

**MURRAY 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>\$ 7,423</u>
Receipts:	
Total Receipts	<u>-</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 7,423</u></u>

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

**MURRAY 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 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  
MURRAY COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Murray County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Murray County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 30, 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. 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 Murray 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 Murray County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings and responses as item 2006-1.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Murray 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 certain matters that we reported to the management of Murray County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

September 30, 2008

**MURRAY 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: 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 all County offices 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 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— Capital Outlay Accounts (Repeat Finding)**

Criteria: Title 68 O.S. § 3011(1) states:

For each office, board, commission and department, including public utilities operated within the general fund, and special budget accounts and cash accounts, of counties, cities and towns, the items of appropriation shall, unless otherwise provided by law, be as follows: "personal services," "maintenance and operation," and "capital outlay..."



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

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Title 68 O.S. § 3010 states in part:

The term "capital outlay" is defined to comprehend all items and articles (either new or replacements) not consumed with use but only diminished in value with prolonged use, such as new, or replacements of, machinery, equipment, furniture and fixtures, all real properties, and all construction or reconstruction of buildings, appurtenances and improvements to real properties accomplished according to the conditions of a contract.

Condition: The County does not use capital outlay accounts.

Effect: This condition resulted in expenditures being improperly categorized.

Recommendation: OSAI recommends the County implement the use of capital outlay accounts and use such an account when purchasing any capital outlay items.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. We will implement the use of capital outlay accounts and use such an account when purchasing any capital outlay items.

**Finding 2006-3—Fixed Assets Inventory (Repeat Finding)**

Criteria: Title 19 O.S. § 178.1 states:

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

Condition: All offices do not perform a biennial verification of the fixed assets inventory.

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

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

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



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

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