

COUNTY AUDIT

OKMULGEE COUNTY

For the fiscal year ended June 30, 2012



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



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

**OKMULGEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 23, 2014

TO THE CITIZENS OF
OKMULGEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Okmulgee County, Oklahoma for the fiscal year ended June 30, 2012. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones", is written over a horizontal line.

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

**OKMULGEE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**OKMULGEE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

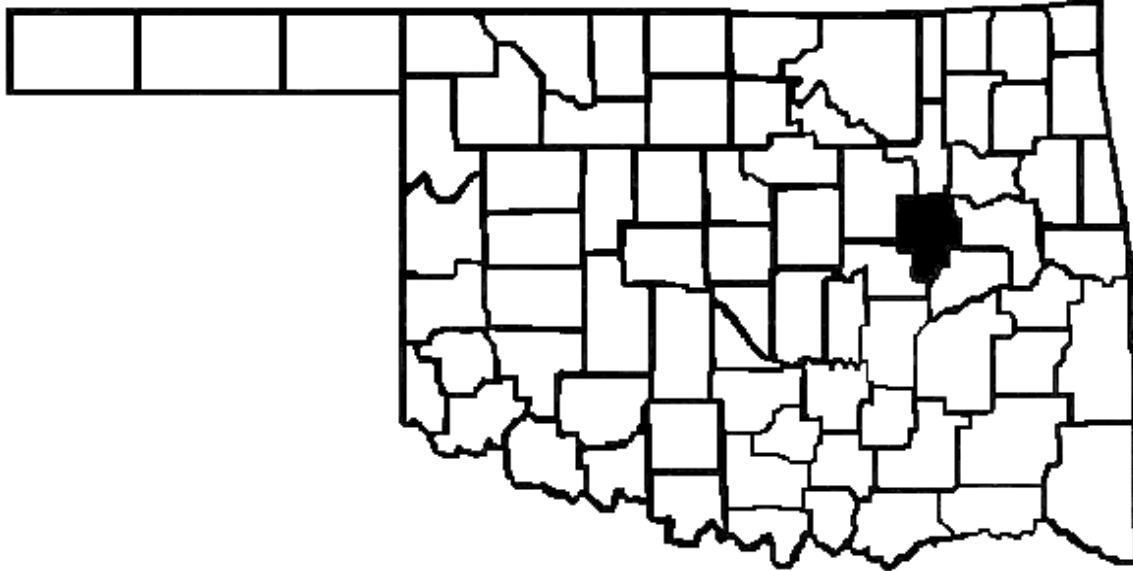
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**OKMULGEE COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



The name Okmulgee comes from a Creek word meaning "boiling water." Created at statehood from lands in the Creek Nation, Indian Territory. The county seat, Okmulgee, has been the capital of the Creek Nation since the Civil War. The Indians chose the site in the belief that tornadoes would not strike the area and so far history has proven them correct.

Two local lakes furnish most of the water for the county. Major highways are I-40, east-west, and S.H. 75, north-south. Burlington Northern Railroad maintains a station for shipping.

Points of interest are: the Creek Council House Museum (former meeting place of the Intertribal Council of the Five Civilized Tribes), the Creek Tribal Complex, Samuel Checote grave site, Oklahoma State University – Okmulgee, Nuyaka Mission, and Okmulgee State Park. A Pecan Festival is held mid-June annually in Okmulgee and a Labor Day celebration is observed in Henryetta each year. Both cities support public libraries. The City of Okmulgee is a participant in the Oklahoma Department of Commerce's Main Street project.

History of Okmulgee County offers information about the area. For additional information, call the County Clerk's office at (918) 756-0788.

County Seat – Okmulgee

Area – 702.32 Square Miles

County Population – 39,292
(2009 est.)

Farms – 1,449

Land in Farms – 294,324 Acres

Primary Source: Oklahoma Almanac 2011-2012

**OKMULGEE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Board of County Commissioners

District 1 – J.W. Hill
District 2 – Bobby Hardridge
District 3 – James Connors

County Assessor

Lisa Smart

County Clerk

Becky Thomas

County Sheriff

Eddy Rice

County Treasurer

Vonna Lampkins

Court Clerk

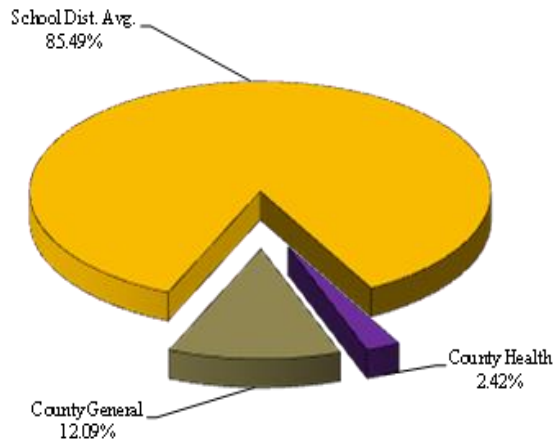
Linda Beaver

District Attorney

O.R. Barris III

**OKMULGEE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

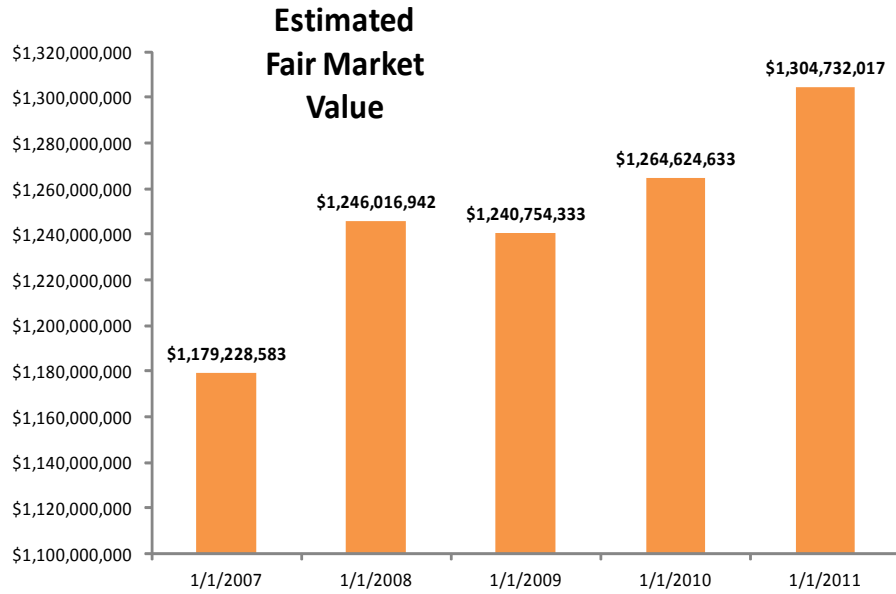
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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	10.20								
County Health	2.04	Okmulgee	I-1	35.35	5.05	10.89	10.20	4.08	65.57
		Henryetta	I-2	35.70	5.10	17.21	10.20	4.08	72.29
		Morris	I-3	36.40	5.20	18.52	10.20	4.08	74.40
		Beggs	I-4	36.05	5.15	26.83	10.20	4.08	82.31
		Preston	I-5	35.70	5.10	18.41	10.20	4.08	73.49
		Schulter	I-6	36.05	5.15	23.77	10.20	4.08	79.25
		Wilson	I-7	36.40	5.20	17.94	10.20	4.08	73.82
		Dewar	I-8	36.05	5.15	18.87	10.20	4.08	74.35
		Twin Hills	D-11	36.05	5.15	22.95	10.20	4.08	78.43
		Tulsa	JT-14	36.06	5.15	23.25	8.24	4.08	76.78
		Creek	JT-5	35.70	5.10	28.82	10.20	4.08	83.90
		Muskogee	JT-27	36.40	5.20	17.92	8.16	4.08	71.76
		McIntosh	JT-19	36.05	5.15	24.19	8.16	4.08	77.63
		McIntosh	JT-27	35.70	5.10	13.75	8.16	4.08	66.79
		Okfuskee	JT-31	36.05	5.15	31.84	5.15	4.08	82.27
		Okfuskee	JT-32	36.05	5.15	13.41	5.15	4.08	63.84

**OKMULGEE COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

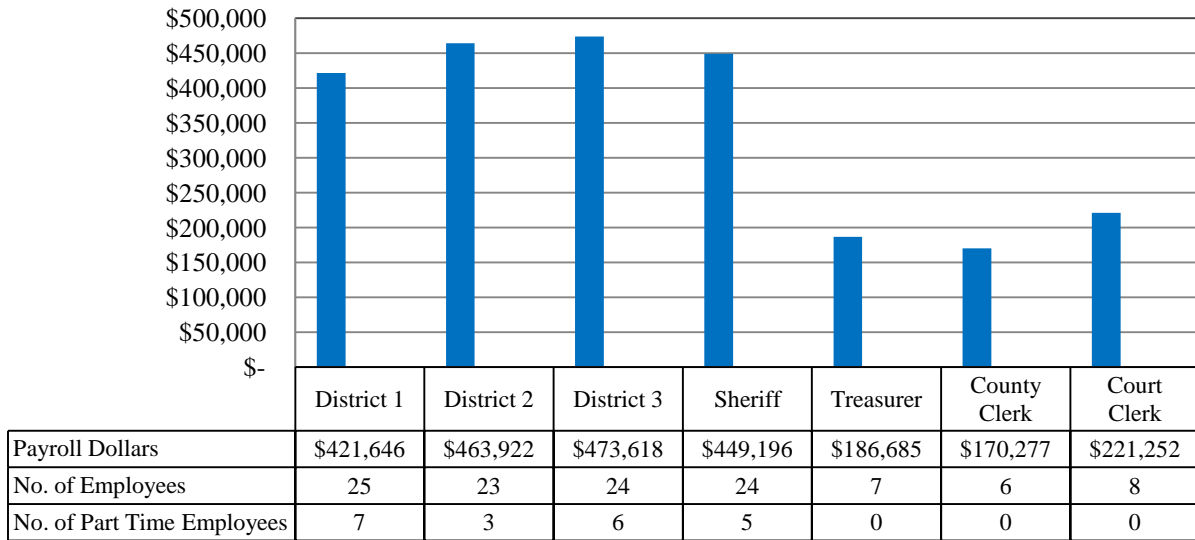
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2011	\$31,376,644	\$24,742,831	\$110,368,303	\$9,919,936	\$156,567,842	\$1,304,732,017
1/1/2010	\$31,585,071	\$22,030,198	\$107,885,510	\$9,745,823	\$151,754,956	\$1,264,624,633
1/1/2009	\$31,141,237	\$21,849,210	\$105,665,713	\$9,765,640	\$148,890,520	\$1,240,754,333
1/1/2008	\$34,704,281	\$22,918,855	\$101,573,355	\$9,674,458	\$149,522,033	\$1,246,016,942
1/1/2007	\$32,908,481	\$21,616,242	\$96,443,501	\$9,460,794	\$141,507,430	\$1,179,228,583



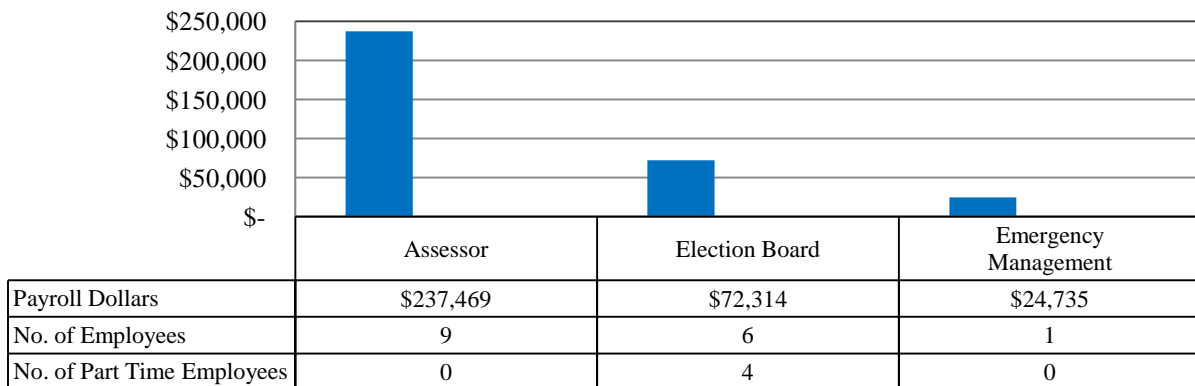
**OKMULGEE COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2012.

Payroll Expenditures by Department



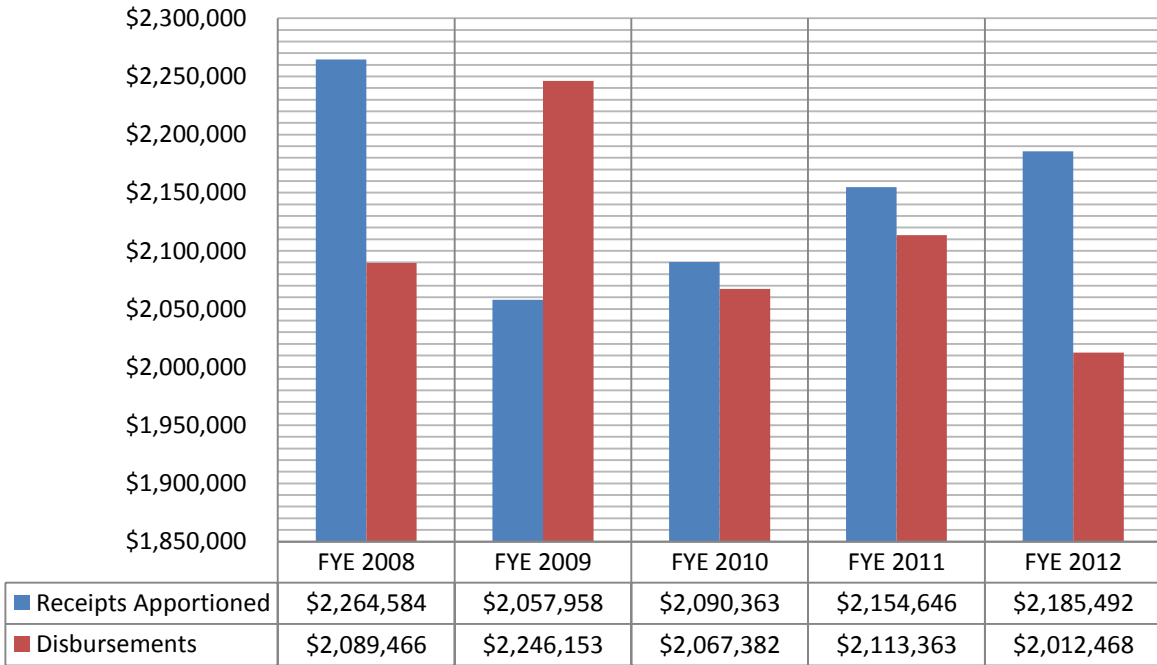
Payroll Expenditures by Department



**OKMULGEE COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County General Fund

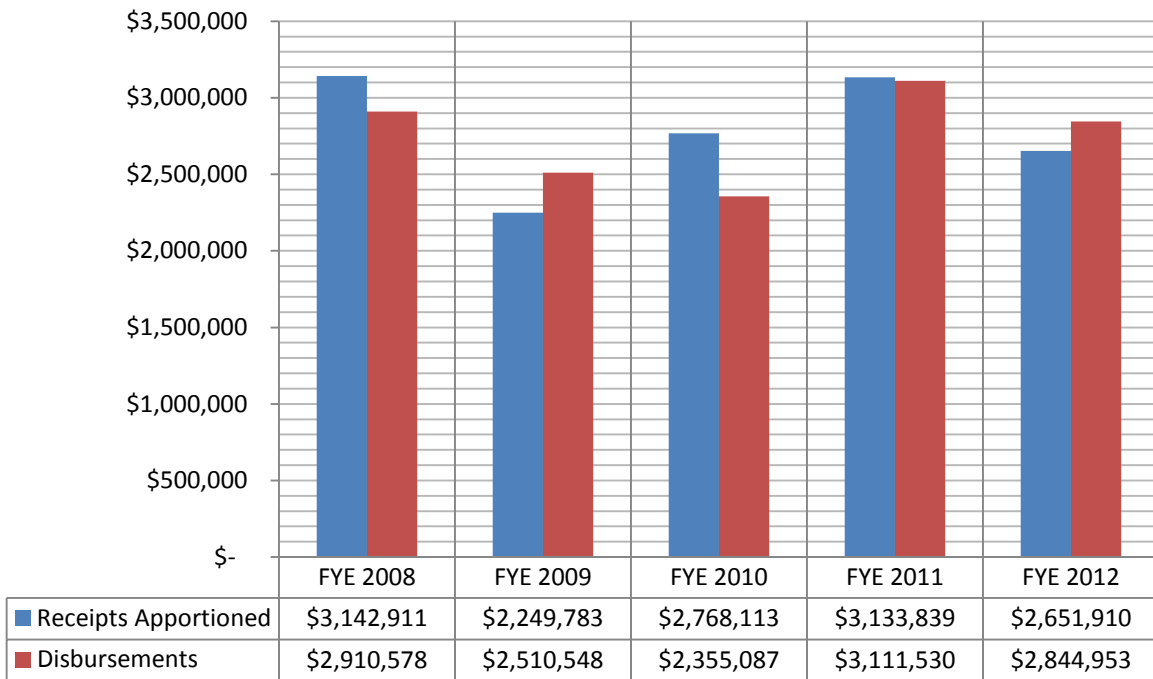
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county’s primary source of operating revenue. The County General Fund is typically used for county employees’ salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county’s ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County’s General Fund for the last five fiscal years.



**OKMULGEE COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report

TO THE OFFICERS OF
OKMULGEE COUNTY, OKLAHOMA

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Okmulgee County, Oklahoma, as of and for the year ended June 30, 2012, listed in the table of contents as the financial statement. This financial statement is the responsibility of Okmulgee County's management. Our responsibility is to express an opinion on the combined total—all county funds 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 differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects 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 Okmulgee County as of June 30, 2012, 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 balances for all county funds of Okmulgee County, for the year ended June 30, 2012, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, on our consideration of Okmulgee 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 county funds on the financial statement. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the combined total—all county funds on the regulatory basis Statement of Receipts, Disbursements and Changes in Cash Balances and, in our opinion, is fairly stated, in all material respects, in relation to the combined total—all county funds. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

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

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

January 15, 2014

REGULATORY BASIS FINANCIAL STATEMENT

OKMULGEE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning Cash Balances July 1, 2011	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2012
Combining Information:				
Major Funds:				
County General Fund	\$ 647,182	\$ 2,185,492	\$ 2,012,468	\$ 820,206
Highway Cash Fund	715,268	2,651,910	2,844,953	522,225
Highway TCR Fund	958,677	850,100	989,992	818,785
CBRIF-103	20	1	-	21
Half Cent Road Tax	142,637	1,288,978	1,257,206	174,409
County Health	256,789	411,421	296,730	371,480
Resale Property	508,244	342,861	270,726	580,379
CBRIF-105	1,026,583	475,806	167,290	1,335,099
County Use Tax	305,981	170,076	24,320	451,737
CDBG RWD #2 Preston	25,590	12,950	38,540	-
County Clerk Preservation Fee	55,695	40,425	57,253	38,867
Sheriff Service Fee	61,485	162,735	142,948	81,272
CDBG Schuller	-	4,470	4,470	-
Sheriff 1/4 Cent Sales Tax	67,674	661,304	554,114	174,864
Remaining Aggregate Funds	329,723	335,168	357,052	307,839
Combined Total - All County Funds	\$ 5,101,548	\$ 9,593,697	\$ 9,018,062	\$ 5,677,183

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

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Okmulgee County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

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

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

Highway TCR Fund – revenues are from imposed fuel taxes imposed, FEMA reimbursements, bank interest earned, and miscellaneous reimbursements. Disbursements are for maintenance, material, and equipment for county roads and highways.

CBRIF-103 – revenues are from bank interest earned and Oklahoma Department of Transportation (ODOT) disbursements to counties and disbursements are for road projects.

Half Cent Road Tax – revenues come from special sales tax from the State of Oklahoma and bank interest. Disbursements are for the Okmulgee County Road System.

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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.

Resale Property – revenues are from fees and penalties collected and from resale of county owned properties acquired through the annual sale. Disbursements are for personal services, maintenance and operation, and capital outlay.

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

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

CDBG RWD #2 Preston – revenues are from Community Development Block Grants (CDBG) and disbursements are awarded to entities for special projects.

County Clerk Preservation Fee – revenues are from recorded documents and disbursements are for personal services and maintenance and operation.

Sheriff Service Fee – revenues are from court fees earned and miscellaneous receipts and disbursements are for personal services and maintenance and operation.

CDBG Schuller – revenues are from Community Development Block Grants and disbursements are awarded to entities for special projects.

Sheriff ¼ Cent Sales Tax – revenues are from special sales tax and disbursements are for personal services and maintenance and operation.

C. Basis of Accounting

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

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement on a regulatory basis. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

D. Budget

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

E. Cash and Investments

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

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

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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.

3. Other Information

A. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

D. Sales Tax

Sheriff ¼ Cent Sales Tax

The voters of Okmulgee County approved ¼ cent sales tax through a special election on December 14, 2010, that went into effect on April 1, 2011. This sales tax has an unlimited duration. The sales tax was established to provide revenue for lawful duties and responsibilities of the Sheriff's Office of Okmulgee County, Oklahoma.

Half Cent County Road Sales Tax

The voters of Okmulgee County approved a ½ cent sales tax through a special election on December 14, 2010, that went into effect on April 1, 2011. This sales tax has an unlimited duration. The sales tax was established to provide revenue solely for the Okmulgee County Road System, pledging one hundred percent (100%) of the monthly income of the revenue of said tax to county Roads.

OTHER SUPPLEMENTARY INFORMATION

OKMULGEE 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, 2012

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 647,182	\$ 647,182	\$ -
Less: Prior Year Outstanding Warrants	(190,714)	(190,714)	-
Less: Prior Year Encumbrances	(21,838)	(21,838)	-
Beginning Cash Balances, Budgetary Basis	<u>434,630</u>	<u>434,630</u>	<u>-</u>
Receipts:			
Ad Valorem Taxes	1,454,811	1,595,115	140,304
Charges for Services	98,000	120,652	22,652
Intergovernmental Revenues	363,100	416,120	53,020
Miscellaneous Revenues	46,170	53,605	7,435
Total Receipts, Budgetary Basis	<u>1,962,081</u>	<u>2,185,492</u>	<u>223,411</u>
Expenditures:			
District Attorney	12,165	11,178	987
County Sheriff	146,460	146,161	299
County Treasurer	90,264	89,879	385
County Commissioners	181,679	179,067	2,612
County Commissioners OSU Extension	44,554	44,038	516
County Clerk	158,235	157,197	1,038
Court Clerk	90,162	89,167	995
County Assessor	94,055	94,027	28
Revaluation of Real Property	259,191	251,119	8,072
General Government	1,071,152	675,806	395,346
Excise-Equalization Board	3,595	2,450	1,145
County Election Board	102,355	102,161	194
County Purchasing Agent	27,836	27,761	75
Charity	1,000	500	500
Highway Budget Account	40,567	40,472	95
County Audit Budget Account	58,440	13,375	45,065
Free Fair Budget Account	15,001	15,000	1
Total Expenditures, Budgetary Basis	<u>2,396,711</u>	<u>1,939,358</u>	<u>457,353</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	680,764	<u>\$ 680,764</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		2,205	
Add: Current Year Outstanding Warrants		121,270	
Add: Current Year Encumbrances		15,967	
Ending Cash Balance		<u>\$ 820,206</u>	

OKMULGEE 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, 2012

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 256,789	\$ 256,789	\$ -
Less: Prior Year Outstanding Warrants	(784)	(784)	-
Less: Prior Year Encumbrances	(4,423)	(4,423)	-
Beginning Cash Balances, Budgetary Basis	251,582	251,582	-
Receipts:			
Ad Valorem Taxes	290,363	319,022	28,659
Charges for Services	-	88,965	88,965
Intergovernmental Revenue	-	1,668	1,668
Miscellaneous Revenues	90,089	1,766	(88,323)
Total Receipts, Budgetary Basis	380,452	411,421	30,969
Expenditures:			
County Health Budget Account	632,034	344,794	287,240
Total Expenditures, Budgetary Basis	632,034	344,794	287,240
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	318,209	\$ 318,209
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		95	
Add: Current Year Encumbrances		48,629	
Add: Current Year Outstanding Warrants		4,547	
Ending Cash Balance		\$ 371,480	

OKMULGEE COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning Cash Balances July 1, 2011	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2012
Remaining Aggregate Funds:				
Anna McBride M.H. CT Grant	\$ 42,037	\$ 70,093	\$ 51,857	\$ 60,273
Family Treatment Court	19,527	56,727	46,954	29,300
Court Clerk Revolving Fund	117,370	45,599	51,178	111,791
Emergency Management	17,036	17,970	22,459	12,547
County Clerk Lien Fee	9,317	11,026	5,854	14,489
Drug Court	82,400	120,303	164,163	38,540
County Treasurer Certification Fee	4,322	6,045	5,542	4,825
Sheriff DOC Cash	1,054	-	915	139
Assessor Revolving Fund	5,975	1,225	1,602	5,598
County Sinking	8,590	66	-	8,656
Assessor Visual Inspection	12,278	71	1,504	10,845
Trash Cops Fund	7,500	372	-	7,872
Sheriff Training Fund	30	-	-	30
Sheriff Domestic Violence	422	-	-	422
Sheriff Substance Abuse Grant	81	-	-	81
DARE	3	-	-	3
Sheriff Police School	831	-	-	831
Anti Gang	151	-	-	151
Sheriff COPS Program	118	-	-	118
Child Abuse Prevention	122	-	-	122
Sheriff Commissary	21	-	-	21
Sheriff Reserve Account	685	-	-	685
Bryant RWD #5 CDBG #12882	(147)	5,171	5,024	-
Sheriff Grant	-	500	-	500
Combined Total - Remaining Aggregate Funds	\$ 329,723	\$ 335,168	\$ 357,052	\$ 307,839

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. Budgetary Schedules

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

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

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

Anna McBride M.H. CT Grant – revenues are from state contractual payments, fees, and donations from individuals in enrolled in the program, and disbursements are for personal services and maintenance and operation.

Family Treatment Court – revenues are from state contractual payments, fees, and donations from individuals enrolled in the program. Disbursements are for personal services and maintenance and operation.

Court Clerk Revolving Fund – revenues are from court fees earned and disbursements are for personal services and maintenance and operation.

Emergency Management – revenues are from state matching grants, general budgets, and miscellaneous fees and disbursements are for personal services and maintenance and operation.

County Clerk Lien Fee – revenues are from recorded documents and disbursements are for maintenance and operation.

Drug Court – revenues are from state contractual payments, fees, and donations from individuals enrolled in the program, and disbursements are for personal services and maintenance and operation.

County Treasurer Certification Fee – revenues are from mortgage certification fees and notary fees, and disbursements are for maintenance and operation.

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Sheriff DOC Cash – revenues are from state reimbursements for juvenile transports and disbursements are for maintenance and operation.

Assessor Revolving Fund – revenues are from miscellaneous fees and disbursements are for maintenance and operation.

County Sinking – revenues are from interest earned.

Assessor Visual Inspection – revenues come from bank interest earned and disbursements are for maintenance and operation.

Trash Cops Fund – accounts for the trash cop grant and disbursed for the purpose of trash patrol.

Sheriff Training Fund – court approved fund accounts for unclaimed inmate money and disbursed for training purposes only.

Sheriff Domestic Violence – revenues come from grants and disbursements are for domestic violence programs.

Sheriff Substance Abuse Grant – revenues come from grants and disbursements are for substance abuse programs.

DARE – revenues are from donations and disbursements are for program operations.

Sheriff Police School – revenues come from grants and disbursements are for training.

Anti Gang – revenues are from state grants and disbursements are for program operations.

Sheriff COPS Program – revenues are from grants and disbursements are for personal services.

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

Sheriff Commissary – revenues are from Sheriff commissary sales.

Sheriff Reserve Account – revenues are from donations and disbursements are for equipment and for reserve program.

Bryant RWD #5 CDBG #12882 – revenues are from CDBG grants and disbursements are to the awarded entity for special projects.

Sheriff Grant – revenues are from donations and disbursements are for equipment.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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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
OKMULGEE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Okmulgee County, Oklahoma, as of and for the year ended June 30, 2012, which comprises Okmulgee County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 15, 2014. 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. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2012, on the basis of accounting prescribed by Oklahoma state law, described in Note 1. 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 Okmulgee County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Okmulgee County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting. 2012-1.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2012-7 and 2012-10.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

January 15, 2014

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012-1—Inadequate Segregation of Duties Over Payroll Expenditures (Repeat Finding)

Condition: Upon inquiry and observation of the County’s payroll process, it was noted that the Payroll Clerk enrolls new hires, makes payroll changes, performs verification reports, prints and distributes payroll checks, and maintains personnel files.

Cause of Condition: Policies and procedures have not been designed with regard to segregation of duties and/or compensating controls of the payroll process.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response:

County Clerk: This is an issue in the smaller counties, with only one bookkeeper. Each elected official or department head makes the changes for his/her office each month. The Commissioners’ Administrative Assistant calculates the highway payroll and we balance to it. The bookkeeper reviews them for mistakes. When the bookkeeper gives the payroll claims to the County Clerk with the monthly changes for the end of month meeting, they are examined an additional time. Having been bookkeeper in the past, the County Clerk understands how to read them and look for changes or irregularities. Also, payroll is included in the minutes so the County Clerk looks at each employee and salary to double check that all is correct.

Auditor Response: Key accounting functions regarding the payroll process are not adequately segregated.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding 2012-7—Inadequate Internal Controls Over Sales Tax Calculation (Repeat Finding)

Condition: During our testwork, we noted one month where the sales tax apportionment was calculated incorrectly by \$6,878.72.

Cause of Condition: Procedures have not been designed to review the calculation of the sales tax apportionments.

Effect of Condition: This condition resulted in a misstatement of sales tax apportionments between the Half Cent Road Tax and Sheriff ¼ Cent Sales Tax Fund.

Recommendation: OSAI recommends the Treasurer's office implement procedures to have someone review the calculation of the sales tax apportionment for accuracy. Further, the Treasurer should correct this error by transferring the amount of \$6,878.72 from the Sheriff ¼ Cent Sales Tax Fund to the Half Cent Road Tax Fund and Okmulgee County Criminal Justice Authority (OCCJA).

Management Response:

County Treasurer: The County Treasurer and her First Deputy implemented procedures according to the Oklahoma Tax Commission when collections started coming in to be apportioned. Pending the advice of Okmulgee County District Attorney; the tax procedure corrections will be done in accordance to law.

Auditor Response: Internal Controls have not been designed and implemented to ensure the sales tax collections are accurately apportioned to the funds designated on the ballot.

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are a part of internal controls, such as procedures to calculate the sales tax apportionment is a deficiency in internal controls.

Finding 2012-10—Inadequate Internal Controls Over Travel Policy

Condition: During our examination of travel claims, we noted the County does not have a formal travel policy for reimbursement for travel expenses within the County. Further, it was noted that a Commissioner was reimbursed for commuter mileage from his home to the county barn.

Cause of Condition: The County has not adopted policies and procedures for travel.

Effect of Condition: This condition could result in potential tax liability for the County, noncompliance with Internal Revenue Service regulations, or abuse of travel reimbursements.

Recommendation: OSAI recommends the County adopt a travel policy by consulting with the Internal Revenue Service and the District Attorney to ensure compliance with all applicable laws and regulations.

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Management Response: The County of Okmulgee will update the Personnel Policy to include a travel policy that defines both “in County” and “out of County” rules and regulations to satisfy both IRS and OSAI standards.

Criteria: The Internal Revenue Service Publication 463 states in part, “...your tax home is your regular place of business or post of duty, regardless of where you maintain your family home. It includes the entire city or general area in which your business or work is located...”

Title 19 O.S. § 165.A states, “In lieu of reimbursement for traveling expenses within their county each county commissioner and sheriff may receive a monthly travel allowance of Six Hundred Dollars (\$600.00). In lieu of the reimbursement for traveling expenses authorized by law for each county officer, each county assessor may receive a monthly travel allowance of Five Hundred Dollars (\$500.00), and each county clerk, court clerk and county treasurer may receive a monthly travel allowance of Four Hundred Dollars (\$400.00). Each such county officer may be subject to the penalty provided by Section 166 of this title for failure to attend the meetings specified in that section.”

Title 19 O.S. § 180.43.B states in part, “In lieu of the travel reimbursement or monthly travel allowance provided for by law, the board of county commissioners may purchase and provide for the operation, maintenance, insurance, equipping, and repair of an automobile for each county commissioner to be used in performing the duties of his office. In lieu of the travel reimbursement or monthly travel allowance provided for by law, the board of county commissioners, with the concurrence of the county sheriff, may purchase and provide for the operation, maintenance, insurance, equipping, and repair of automobiles for the use of the sheriff in performing the duties of his office. Any automobile purchased pursuant to the authority granted in this section shall be purchased by competitive bids. The use of any said automobile for private or personal purposes is hereby prohibited. Any travel reimbursement other than in-county driving as provided for in this section shall be for actual and necessary expenses as provided for in the State Travel Reimbursement Act. Any person violating the provisions of this subsection, upon conviction, shall be guilty of a misdemeanor and shall be punished by a fine of not more than One Hundred Dollars (\$100.00) or by imprisonment in the county jail for not more than thirty (30) days, or by both said fine and imprisonment, and in addition thereto shall be discharged from county employment.”

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012-3—Inadequate Segregation of Duties Over Court Clerk’s Purchasing Process (Repeat Finding)

Condition: Upon inquiry and observation of the Court Clerk’s purchasing process, it was noted that all employees are able to issue a claim, prepare the voucher, sign the voucher, and mail the voucher.

Cause of Condition: Policies and procedures have not been designed with regard to segregation of duties and/or compensating controls of the purchasing process.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

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

Further, the duties of posting to the ledgers should be separated from the printing and distribution of payments.

Management Response:

Court Clerk: Our office will try to change a few procedures on our voucher process, but I do feel we are doing all we can in this process. If a voucher is skipped or misplaced, we cannot register another one and not all deputies print vouchers.

Auditor Response: The duties regarding the Court Clerk’s expenditures process are not adequately segregated. OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and distribution should be segregated.

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding 2012-4—Inadequate Internal Controls Over Signature Stamps (Repeat Finding)

Condition: While gaining an understanding of the purchasing process, we noted that the Court Clerk's office has control of the signature stamps for the District Judges and the stamps are located in an unsecured area.

Cause of Condition: District Judges do not have physical control of their signature stamps.

Effect of Condition: This condition could result in the unauthorized transactions, misappropriation of funds, or clerical errors that are not detected in a timely manner.

Recommendation: OSAI recommends that signature stamps only be used by the official. Officials who utilize signature stamps should ensure that signature stamps are adequately safeguarded from unauthorized use.

Management Response:

Court Clerk: We will place our stamps in a discreet area with limited access.

Auditor Response: Signature stamps should only be used by owner of the stamp. Access to signature stamps should not be provided to anyone.

Criteria: An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

Finding 2012-5—Inadequate Internal Controls Over Court Fund Claims (Repeat Finding)

Condition: During our test of Court Fund claims for the fiscal year 2012, the following was noted:

- One of the twenty-five claims tested did not have a receiving report.
- One claim could not be located.

Cause of Condition: Policies and procedures have not been designed to ensure detailed supporting documentation is maintained and proper approval obtained for all expenditures.

Effect of Condition: These conditions could result in misappropriation of assets.

Recommendation: OSAI recommends that the Court Clerk place more emphasis on ensuring that all expenditures have properly approved claims and maintain supporting documentation.

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Management Response:

Court Clerk: The Court Clerk always tries to get all claims approved and the right paper work with each claim and will continue to do so.

Auditor Response: Claims are not always properly approved and one claim could not be located for audit purposes.

Criteria: Effective accounting procedures are necessary to ensure the stewardship and accountability of public funds. An important aspect of effective accounting procedures includes maintaining detailed supporting documentation for expenditures.

Finding 2012-8—Consumable Inventories

Condition: During our testwork, we noted the following:

- **District 1** – OSAI was unable to reconcile the amount of fuel in the tanks to the inventory records. District 1 is not maintaining accurate records for fuel usage.
- **District 2** – OSAI was unable to reconcile the inventory items selected to the inventory records, due to the inventory report containing negative balances, no sign of the inventory report being updated regularly and an inconsistency in the records being kept.

Cause of Condition: Procedures have not been designed to properly keep track of consumable inventory items.

Effect of Condition: This could result in a misstatement of consumable inventory records and misappropriations of county resources.

Recommendation: OSAI recommends that more emphasis be placed on maintaining accurate inventory records for consumable items. We also recommend that periodic counts of consumable inventory be conducted and documented.

Management Response:

District 1: Correction to our fuel records will include, once per week to “stick” the tank levels and record readings, take the beginning and ending readings every day to check for any missing fuel that would occur after hours, and check calibration of meters on pumps.

Districts 2: After reviewing the finding in regard to Okmulgee County District 2, additional documents were found which would account for most of the variances during the recent audit. It is believed that a computer crash contributed to consumable inventory accountabilities; however, it is clear that internal safeguards need improvement. Periodic counts of our consumable inventories will increase and documentation will be performed as recommended.

**OKMULGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Criteria: Title 19 O.S. § 1502 prescribes procedures for administering a consumable inventory of items purchased in lots of Five Hundred Dollars (\$500.00) or more.

In addition, safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failures to perform tasks that are part of internal controls such as performing periodic counts of consumable inventories and reconciling those counts to inventory records are deficiencies of internal control.



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