

# PUSHMATAHA COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

**PUSHMATAHA 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 22, 2009

TO THE CITIZENS OF  
PUSHMATAHA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Pushmataha 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, reading "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

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

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

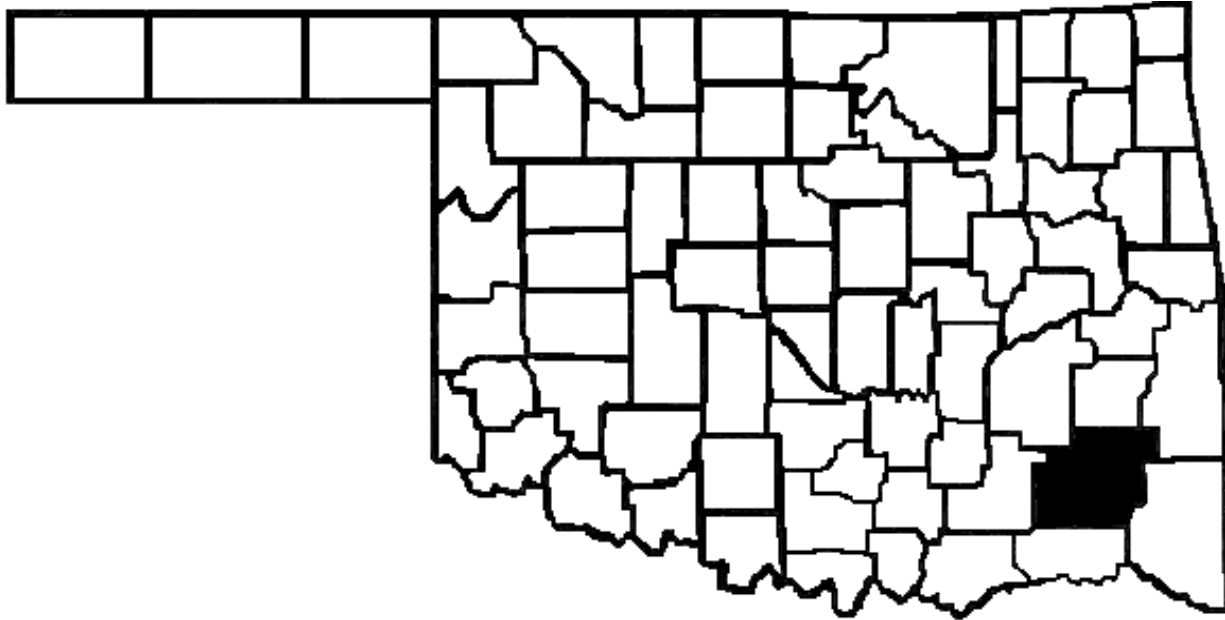
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**REPORT TO THE CITIZENS  
OF  
PUSHMATAHA COUNTY, OKLAHOMA**

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Originally part of the Choctaw Nation, this county was created at statehood and takes its name from the Pushmataha District of the Choctaw Nation. Pushmataha was also the name of a Choctaw leader.

Antlers, the county seat, is the site of several manufacturing companies that produce items such as custom mixed concrete, lumber, roof trusses, building materials, and sportswear. Tuskahoma, last capital of the Choctaw Nation, is the site of the Choctaw Council House, built in 1884 and noted for its fine architecture.

A popular recreational area for outdoor enthusiasts, Pushmataha County offers locations such as the Kiamichi Mountains, Clayton Lake Recreational Area, Pine Creek State Park, and Sardis Lake for sporting activities. Although tourism and recreation contribute a great deal to the county's economy, agriculture is still a basic component, and wheat is the major crop. Ranching and timber are the main industries.

For additional information, call the county clerk's office at (580) 298-3626 or the chamber of commerce at (580) 298-2488.

County Seat – Antlers

Area – 1,422.78 Square Miles

County Population – 11,715  
(2004 est.)

Farms – 780

Land in Farms – 309,855 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

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

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**COUNTY ASSESSOR**

Jack Matthews

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**

Albert Brown (through July 11, 2005)

Jane Dunlap (July 11, 2005 to present)

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.

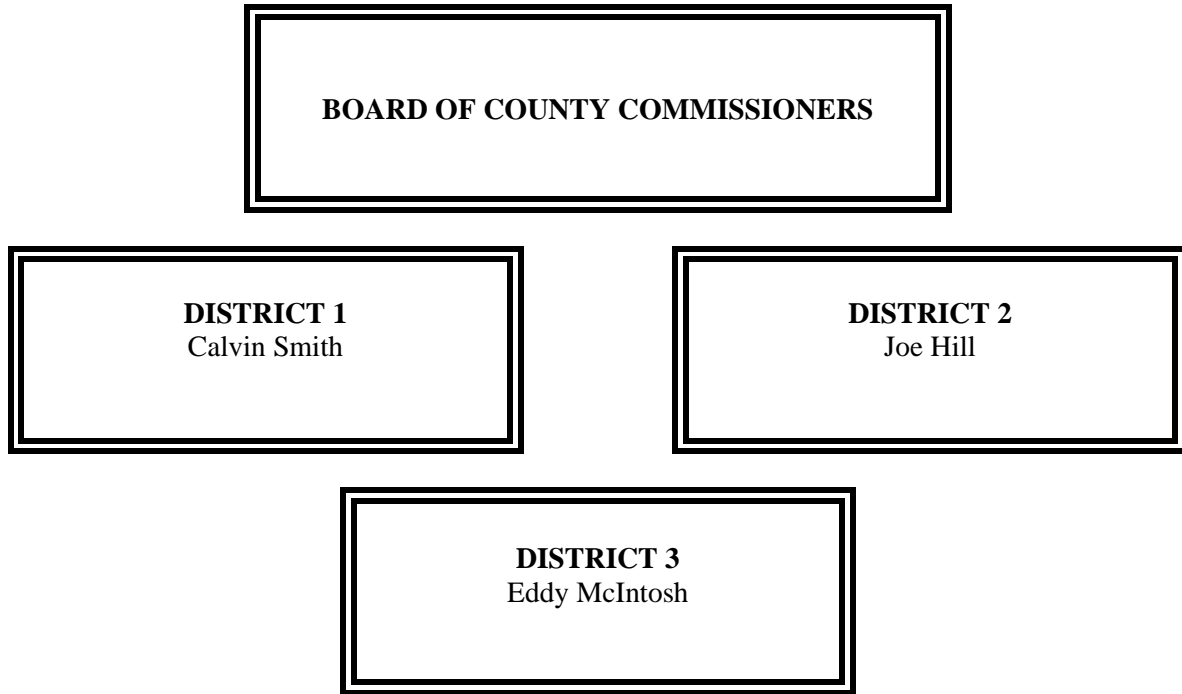
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**PUSHMATAHA 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.



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

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**COUNTY SHERIFF**  
Jim Duncan

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**  
Jenny Beth Caraway

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.

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

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**COURT CLERK**  
Kathy Milam

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**  
Virginia Sanders

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.

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

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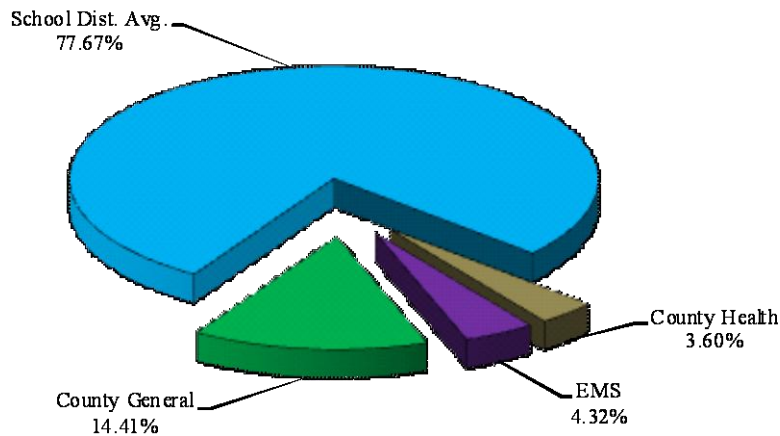
<b>ELECTION BOARD SECRETARY</b> Peggy Melton
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the 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.

**PUSHMATAHA 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	10.29									
County Health	2.57	Rattan	I-1	36.66	5.24	15.24			4.12	61.26
EMS	3.09	Clayton	I-10	35.59	5.08		10.27	2.05	4.12	57.11
		Antlers	I-13	35.99	5.14		10.27	2.05	4.12	57.57
		Moyers	I-22	36.54	5.22	9.96	10.27	2.05	4.12	68.16
		Albion	D-2	35.75	5.11	4.33	10.27	2.05	4.12	61.63
		Tuskahoma	D-4	36.27	5.18		10.27	2.05	4.12	57.89
		Nashoba	D-15	35.97	5.14		10.27	2.05	4.12	57.55
		Stringtown	JT-7	35.00	5.00	10.85			4.12	54.97
		Soper	JT-4	35.00	5.00				4.12	44.12
		Smithville	JT-14	35.60	5.09				4.12	44.81
		Battiest	JT-71	35.85	5.12				4.12	45.09

See independent auditor's report.

**PUSHMATAHA 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>\$ 36,774,564</u>
Debt limit - 5% of total assessed value		1,838,728
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 1,838,728</u>

See independent auditor's report.

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

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	<u>2006</u>
Estimated population	<u>11,715</u>
Net assessed value as of January 1, 2005	<u>\$ 36,774,564</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>-</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**PUSHMATAHA 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	\$3,966,759	\$8,782,511	\$26,951,530	\$2,926,236	\$36,774,564	\$320,995,859

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  
PUSHMATAHA COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Pushmataha 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 Pushmataha County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Pushmataha 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 Pushmataha 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 October 27, 2008, on our consideration of Pushmataha 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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

October 27, 2008

## **Basic Financial Statement**

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

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	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:				
County General Fund	\$ 482,097	\$ 1,184,184	\$ 1,178,897	\$ 487,384
T-Highway	884,831	2,757,649	2,569,151	1,073,329
Resale Property	53,708	69,868	34,381	89,195
County Health	108,617	318,246	312,885	113,978
County Sinking	44	2		46
Sheriff Cash Service Fee	41,410	312,641	280,015	74,036
Treasurer Mortgage Tax Fee	3,222	3,010	3,068	3,164
County Clerk Lien Fee	1,589	3,608	1,056	4,141
Assessor Visual Inspection	201	1		202
Sheriff Revolving	28			28
Assessor Revolving	27,367	2,206		29,573
Sheriff Drug Cash Account	2,100			2,100
CDBG		1,077,314	1,076,501	813
REAP	6,758	142,202	137,030	11,930
KEDDO Grant	1,318		1,300	18
Courthouse A/C	324			324
RMP	18,352	19,460	18,929	18,883
Nashoba Community Center	2			2
CERT	440		135	305
Clayton Nutrition Center	11,354			11,354
KANP	3,789	25,925	27,180	2,534
SGA		17,306	274	17,032
<b>Combined Total -- All County Funds</b>	<b>\$ 1,647,551</b>	<b>\$ 5,933,622</b>	<b>\$ 5,640,802</b>	<b>\$ 1,940,371</b>

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

**PUSHMATAHA 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 Pushmataha 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.

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

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

County Sinking – accounts for the excess collections from a special ad valorem tax levy and from interest earned on investments of cash that was used for debt service payments. This amount will eventually be transferred to the County General Fund.

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

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

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Treasurer Mortgage Tax Fee – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and disbursements as restricted by statutes.

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

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

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

Assessor Revolving – accounts for the collection of fees for copies and disbursements by the Assessor as restricted by state statutes.

Sheriff Drug Cash Account – accounts for the collection of the Sheriff's percentage of drug forfeitures.

CDBG – accounts for federal grant funds for various projects including a courthouse elevator, rural water district lines, and renovations to a youth services building.

REAP – accounts for state funds used for various community projects.

KEDDO Grant – accounts for state funds used for renovations to the Pushmataha County Jail.

Courthouse A/C – accounts for state funds used for repairs to the courthouse air conditioning system.

RMP – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

Nashoba Community Center – accounts for state funds used for the construction of a nutrition center in Nashoba.

CERT – accounts for state funds from the Civil Emergency Management to be used for planning purposes.

Clayton Nutrition Center – accounts for grant funds used for the construction of a nutrition center in Clayton, Oklahoma.

KANP – accounts for state funds to be used for the operation of the Clayton Nutrition Center.

SGA – accounts for state grant funds to be used for the operation of the Sheriff's office.

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

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

**C. Basis of Accounting**

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

**D. Budget**

Under current Oklahoma Statutes, 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). At June 30, 2006, the County was under-collateralized in the amount of \$23,554.20.

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

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**F. Investments**

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

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

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**

Employees are entitled to vacation leave that is accrued on a monthly basis at the rate of 6 2/3 hours per month. Vacation benefits are earned by the employee during the year and may accumulate up to 30 days. Upon separation, an employee is paid for the balance of accrued annual leave up to the accumulation limit.

Sick leave is accrued at the rate of 8 hours per month and may be accumulated up to 130 days. Sick leave is not paid upon termination of employment. The County does not record any liability for sick leave.

**2. Ad Valorem Tax**

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



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

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The assessed property value as of January 1, 2005, was approximately \$36,774,564.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.29 mills for general fund operations, 2.57 mills for county health department, and 3.09 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 93.81% percent of the tax levy.

**3. Fuel Tax**

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

**4. Risk Management**

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

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"><li>• Torts</li><li>• Errors and Omissions</li><li>• Law Enforcement Officers Liability</li><li>• Vehicle</li></ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"><li>• Theft</li><li>• Damage to Assets</li><li>• Natural Disasters</li></ul>		

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

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<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
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 participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

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

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate workers' compensation claims. 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.

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. 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

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

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with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004, were \$172,714, \$152,805, and \$148,615, respectively, equal to the required contributions for each year.

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

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

**8. Contingent Liabilities**

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

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

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

**9. Sales Tax**

Effective April 1, 2001, for a period of five years, the County will realize revenue from a one-cent sales tax levy. The purpose of the tax is to provide revenues for maintenance and operation of the county jail and for financing the operation and maintenance of the office of the sheriff of Pushmataha County, for county general, for county roads, for OSU Extension office, for the Pushmataha County Fair Board, for Economic Development, and for emergency management.

## **OTHER SUPPLEMENTARY INFORMATION**

**PUSHMATAHA 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	\$ 482,097	\$ 482,097	\$ 482,097	\$ -
Less: Prior Year Outstanding Warrants	(83,999)	(83,999)	(83,999)	
Less: Prior Year Encumbrances	(30,976)	(30,976)	(29,756)	1,220
Beginning Cash Balances, Budgetary Basis	367,122	367,122	368,342	1,220
Receipts:				
Ad Valorem Taxes	344,009	344,009	364,831	20,822
Sales Tax	352,486	401,407	537,364	135,957
Charges for Services	72,655	72,655	91,358	18,703
Intergovernmental Revenues	166,533	166,533	164,132	(2,401)
Miscellaneous Revenues	19,923	19,923	26,499	6,576
Total Receipts, Budgetary Basis	955,606	1,004,527	1,184,184	179,657
Expenditures:				
District Attorney	10,000	10,000	10,000	
Total District Attorney	10,000	10,000	10,000	-
County Sheriff	40,000	84,689	82,572	2,117
Total County Sheriff	40,000	84,689	82,572	2,117
County Treasurer	57,852	42,667	42,579	88
Total County Treasurer	57,852	42,667	42,579	88
County Clerk	94,806	89,335	88,552	783
Capital Outlay		4,565	4,205	360
Total County Clerk	94,806	93,900	92,757	1,143
Court Clerk	56,122	58,611	58,603	8
Total Court Clerk	56,122	58,611	58,603	8
County Assessor	58,822	60,711	59,974	737
Total County Assessor	58,822	60,711	59,974	737
Revaluation of Real Property	93,843	92,820	88,565	4,255
Capital Outlay	100	1,123	1,023	100
Total Revaluation of Real Property	93,943	93,943	89,588	4,355
General Government	180,838	157,862	153,090	4,772
Capital Outlay	10,000			
Total General Government	190,838	157,862	153,090	4,772

continued on next page

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

**PUSHMATAHA 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
Excise-Equalization Board	2,949	2,949	2,821	128
Total Excise-Equalization Board	2,949	2,949	2,821	128
County Election Board	41,903	41,403	40,115	1,288
Capital Outlay		500	150	350
Total County Election Board	41,903	41,903	40,265	1,638
County Commissioners Sales Tax	242,943	212,908	132,291	80,617
Capital Outlay	50,000	89,329	35,996	53,333
Total County Commissioners Sales Tax	292,943	302,237	168,287	133,950
Economic Development Sales Tax	31,596	33,309		33,309
Capital Outlay	12,000	12,000		12,000
Total Economic Development Sales Tax	43,596	45,309	-	45,309
County Sheriff Sales Tax	190,896	217,376	205,909	11,467
Capital Outlay	5,000	2,980	2,980	
Total County Sheriff Sales Tax	195,896	220,356	208,889	11,467
OSU Extension Sales Tax	46,650	51,053	23,979	27,074
Capital Outlay	5,000	5,000	2,602	2,398
Total OSU Extension Sales Tax	51,650	56,053	26,581	29,472
General Government Sales Tax	63,540	70,879	70,060	819
Total General Government Sales Tax	63,540	70,879	70,060	819
Emergency Management Sales Tax	13,158	13,158	7,689	5,469
Capital Outlay	2,700	3,434	899	2,535
Total Emergency Management Sales Tax	15,858	16,592	8,588	8,004
Free Fair Sales Tax	5,383	5,958	3,112	2,846
Capital Outlay	2,950	3,353	2,735	618
Total Free Fair Sales Tax	8,333	9,311	5,847	3,464
County Audit Budget Account	3,677	3,677	3,677	
Total County Audit Budget Account	3,677	3,677	3,677	-
Total Expenditures, Budgetary Basis	1,322,728	1,371,649	1,124,178	247,471
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	428,348	\$ 428,348
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			30,493	
Add: Current Year Outstanding Warrants			28,543	
Ending Cash Balance			<u>\$ 487,384</u>	

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

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

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 108,617	\$ 108,617	\$ 108,617	\$ -
Less: Prior Year Outstanding Warrants	(19,516)	(19,516)	(19,516)	
Less: Prior Year Encumbrances	(20,005)	(20,005)	(19,990)	15
Beginning Cash Balances, Budgetary Basis	69,096	69,096	69,111	15
Receipts:				
Ad Valorem Taxes	85,919	85,919	91,157	5,238
Charges for Services		222,670	222,670	
Miscellaneous Revenues			4,419	4,419
Total Receipts, Budgetary Basis	85,919	308,589	318,246	9,657
Expenditures:				
Health and Welfare	143,015	360,685	287,593	73,092
Capital Outlay	12,000	17,000	8,063	8,937
Total Expenditures, Budgetary Basis	155,015	377,685	295,656	82,029
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	91,701	\$ 91,701
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			14,538	
Add: Current Year Outstanding Warrants			7,739	
Ending Cash Balance			\$ 113,978	

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



**PUSHMATAHA 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>\$ 44</u>
Receipts:	<u>                    </u>
Total Receipts	<u>2</u>
Disbursements:	<u>                    </u>
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 46</u></u>

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

**PUSHMATAHA 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.

**PUSHMATAHA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<u>OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer:			
Payments to States in Lieu of Real Estate Taxes	12.112		\$ 4,393
Total Office of the Chief of Engineers, Department of the Army, Department of Defense			4,393
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through State Department of Commerce:			
Community Development Block Grants/State's Program	14.228	11342 CDBG 04	63,714
Community Development Block Grants/State's Program	14.228	11846 CDBG 04	250,000
Community Development Block Grants/State's Program	14.228	11192 CDBG 03	134,870
Community Development Block Grants/State's Program	14.228	10808 CDBG 03	708,000
Total U.S. Department of Housing and Urban Development			1,156,584
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct:			
Payments in Lieu of Taxes	15.226		37,430
Total U.S. Department of the Interior			37,430
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through State Department of Civil Emergency Management:			
Emergency Management Performance Grants (EMPG)	97.042		7,500
Total U.S. Department of Homeland Security			7,500
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,205,907</b>

The accompanying notes are an integral part of this schedule.  
See independent auditor's report.

**PUSHMATAHA COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Pushmataha County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See independent auditor's report.

## **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](http://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  
PUSHMATAHA COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Pushmataha County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Pushmataha County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 27, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pushmataha 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 Pushmataha 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 questioned costs 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 Pushmataha County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2006-4.

We noted certain matters that we reported to the management of Pushmataha County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

This report is intended solely for the information and use of the management of Pushmataha County, federal awarding agencies, and pass-through entities, 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

October 27, 2008

# 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 Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

TO THE OFFICERS OF  
PUSHMATAHA COUNTY, OKLAHOMA

### Compliance

We have audited the compliance of Pushmataha County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Pushmataha County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Pushmataha County's management. Our responsibility is to express an opinion on Pushmataha County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pushmataha County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pushmataha County's compliance with those requirements.

In our opinion, Pushmataha County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of Pushmataha County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pushmataha County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of Pushmataha County, federal awarding agencies, and pass-through entities 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

October 27, 2008

**PUSHMATAHA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**SECTION 1—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: .....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? ..... None Reported

Noncompliance material to financial statements noted? ..... Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Reportable condition(s) identified that are not considered to be material weakness(es)? ..... None Reported

Type of auditor's report issued on compliance for major programs: ..... Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ..... No

Identification of Major Programs

CFDA Number(s)

14.228

Name of Federal Program or Cluster

Community Development Block Grants/State's Program

Dollar threshold used to distinguish between

Type A and Type B programs: ..... \$300,000

Auditee qualified as low-risk auditee? ..... No

**PUSHMATAHA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**SECTION 2 — 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 the 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.

**Finding 2006-4—Pledged Securities**

Criteria: Title 62 O.S. § 517.4.A. states, "A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured."

Condition: The County had deposits in excess of deposit insurance at January 31, 2006, in the amount of \$169,607.39 and at June 30, 2006, in the amount of \$23,554.20.

Effect: This condition could result in loss of County funds.

Recommendation: OSAI recommends the County Treasurer require the financial institution to deposit collateral securities to secure public deposits in excess of deposit insurance.

**PUSHMATAHA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are taking measures to comply with state statutes regarding pledged securities.

**SECTION 3— Federal Award Findings and Questioned Costs**

No matters were reported.

**SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards* or OMB A-133. 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—Fixed Assets Inventory**

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....

Condition: The County Clerk and all three districts do not perform a biennial verification of the fixed assets inventory.

Effect: This condition could result in unrecorded transactions, undetected errors, 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.

**PUSHMATAHA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Finding 2006-3—Sheriff's Citations**

Criteria: Effective internal controls include traffic citations are issued in triplicate form and that a control log be kept of all traffic citation books issued to employees for the Sheriff's office. Also, all records related to the Sheriff's office issued citations should be accounted for by properly voiding citations, remitting active citations to the Court Clerk's office, and maintaining all carbon copies of citations.

Condition: The Sheriff's office did not retain all audit copies of issued citations. When reviewing traffic citations filed with the Court Clerk, there were gaps in citation numbers that could not be located.

Effect: This condition could result in inaccurate records or incomplete information.

Recommendation: OSAI recommends the Pushmataha County Sheriff's office submit one copy of traffic citations to the Court Clerk; assure that all copies of the citations are maintained by the Sheriff's office for audit purposes, and that citations be properly voided with the originals attached to the carbon copies left in the book.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. The Sheriff's office will begin to maintain the audit copy of all citations.

**Finding 2006-5—Inmate Trust – Bank Reconciliations**

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. Failures to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Condition: The County Sheriff does not reconcile the Inmate Trust bank statements at the end of every month.

Effect: This condition could result in undetected errors, inaccurate records, or incomplete information.

Recommendation: OSAI recommends the County Sheriff reconcile the Inmate Trust bank statements on a monthly basis.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. The Sheriff's office will work to correct this matter.

**PUSHMATAHA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**Finding 2006-6—Consumable Inventory Records**

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

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

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

Recommendation: OSAI recommends consumable inventory records be maintained with requirements as provided in state statutes.

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



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