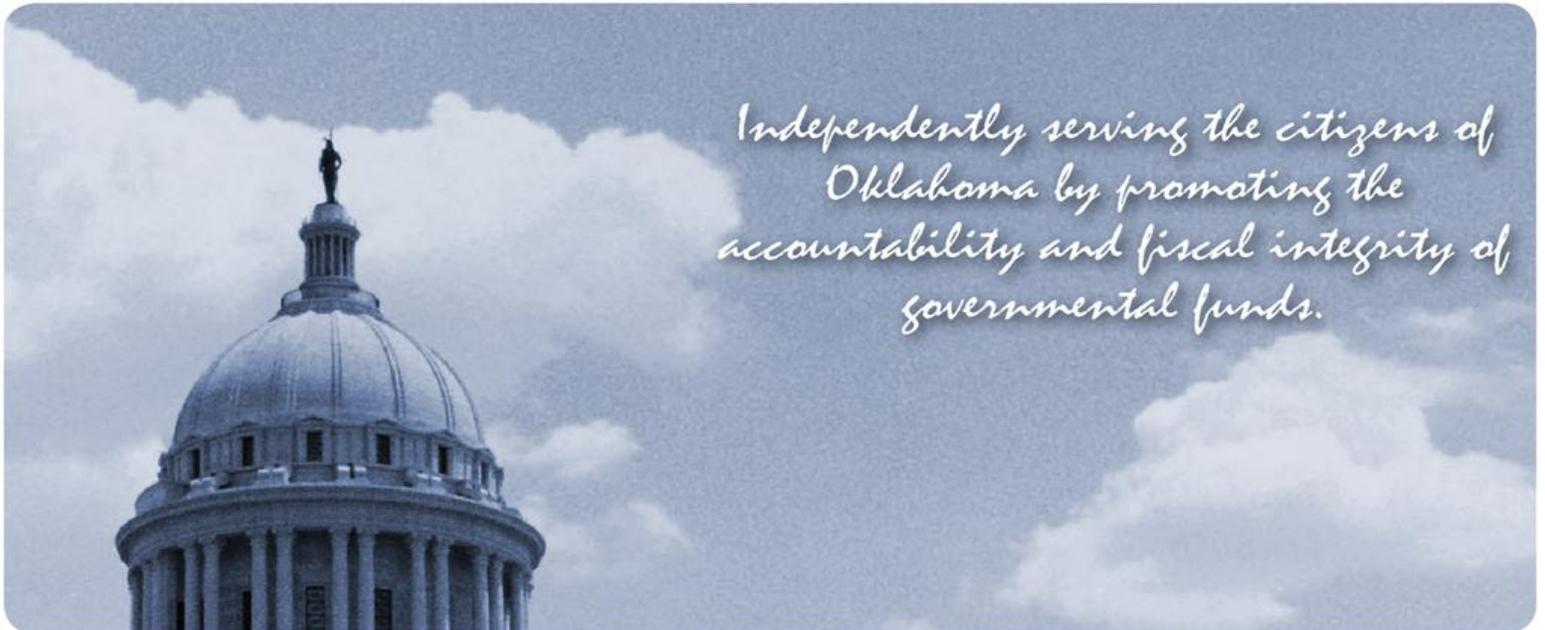


COUNTY AUDIT

# STEPHENS COUNTY

For the fiscal year ended June 30, 2014



*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

**STEPHENS COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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](http://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

November 3, 2015

TO THE CITIZENS OF  
STEPHENS COUNTY, OKLAHOMA

Transmitted herewith is the audit of Stephens County, Oklahoma for the fiscal year ended June 30, 2014. 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".

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

**STEPHENS COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**STEPHENS COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INTERNAL CONTROL AND COMPLIANCE SECTION

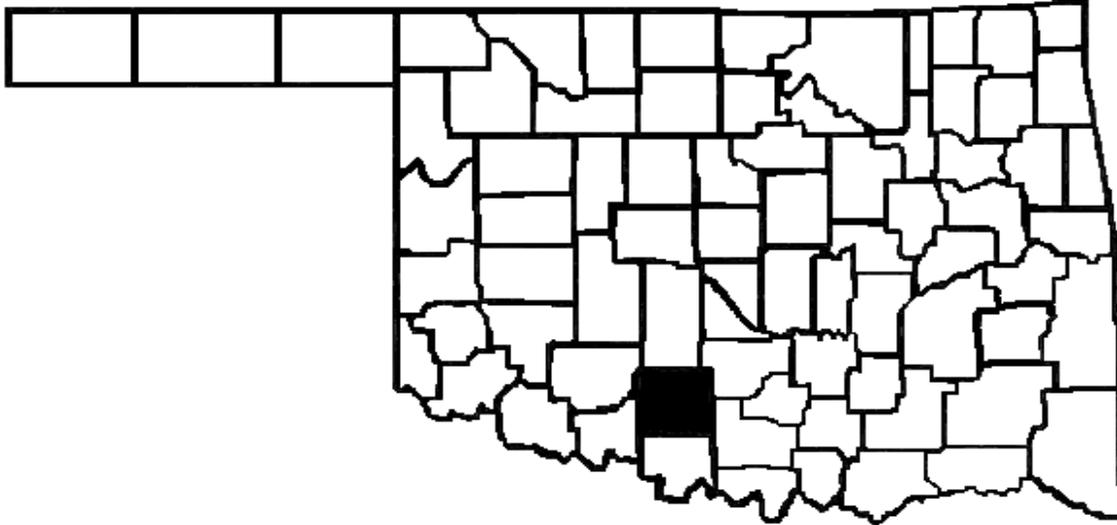
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**STEPHENS COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Created at statehood from portions of Comanche County, Oklahoma Territory, and the Chickasaw Nation, Stephens County was named for John H. Stephens, a member of Congress from Texas and staunch advocate of Oklahoma statehood. The first permanent settler, Silas Fitzpatrick, sold his store to William Duncan, for whom the county seat was named in 1892. The county is served by U.S. 81 and S.H. 7, 29, and 53. Duncan Municipal Airport, Union Pacific Railroad, and Oklahoma Transportation-Jefferson Bus Lines provide additional transportation links.

The economy is based on agriculture (wheat, peanuts, cotton, cattle) and petroleum. Duncan, Marlow, and Comanche are the principal municipalities and each offers a wide range of goods and services. Halliburton Oil Field Services began in Duncan, and remains a major employer in the area.

Duncan maintains 144 acres of parks and playgrounds and two public swimming pools. There are golf courses in Duncan, Marlow, and Comanche. Boating, fishing, camping facilities, and 4,000 acres of recreational lands are found at Clear Creek, Duncan, Humphries, and Fuqua lakes.

The Stephens County Memorial Museum is located in Duncan. For more information, call the county clerk's office at 580/255-0977.

County Seat – Duncan

Area – 891.12 Square Miles

County Population – 44,779  
(2012 est.)

Farms – 1,310

Land in Farms – 469,700 Acres

Primary Source: Oklahoma Almanac 2013-2014

**STEPHENS COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Board of County Commissioners**

District 1 – Darrell Sparks  
District 2 – Lonnie Estes  
District 3 – Dee Bowen

**County Assessor**

Cathy Hokit

**County Clerk**

Cindy Kaiser

**County Sheriff**

Wayne McKinney

**County Treasurer**

Janice Graham

**Court Clerk**

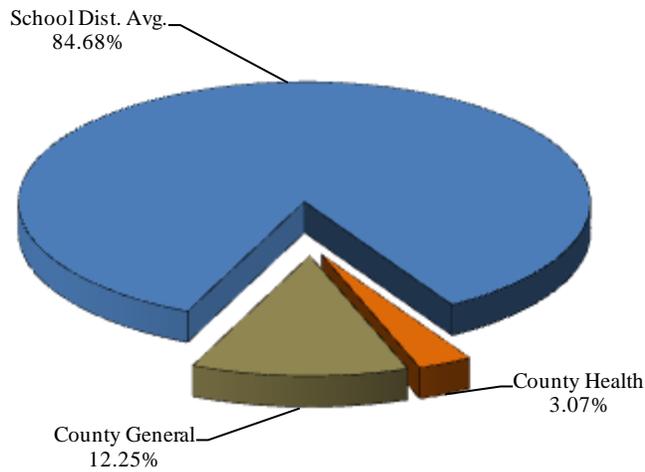
Margaret Cunningham

**District Attorney**

Jason Hicks

**STEPHENS COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

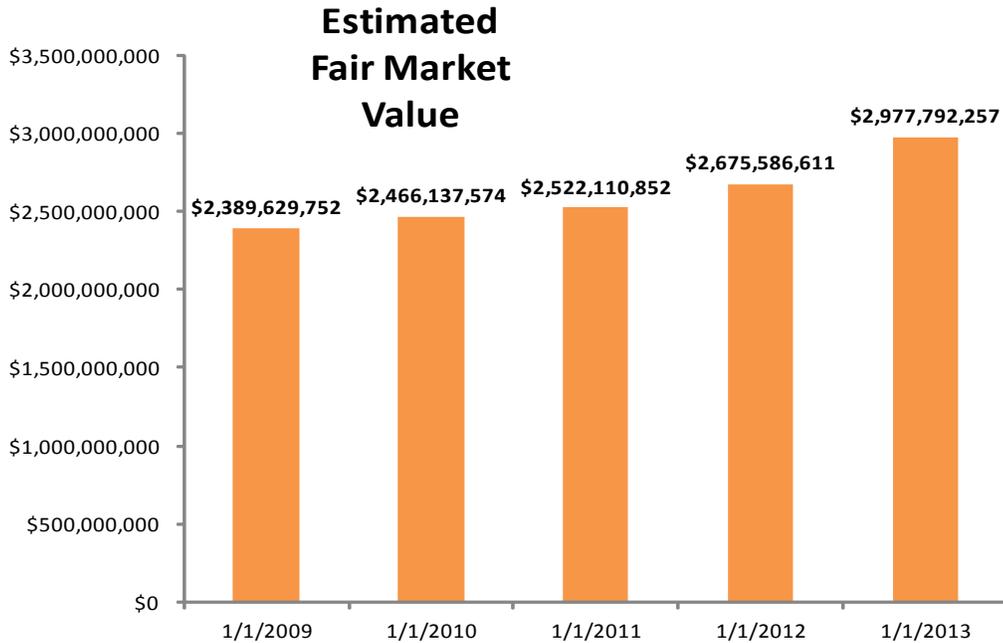
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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	10.22								
County Health	2.56								
		Duncan	I-1	35.72	5.10	14.58	12.26	4.09	71.75
		Comanche	JI-2	35.66	5.09	13.52	12.26	4.09	70.62
		Marlow	JI-3	35.77	5.11	23.11	12.26	4.09	80.34
		Velma-Alma	JI-15	35.69	5.10	4.31	12.26	4.09	61.45
		Empire	JI-21	36.48	5.21	21.79	12.26	4.09	79.83
		Central High	JI-34	36.08	5.15	29.65	12.26	4.09	87.23
		Bray-Doyle	JI-42	35.96	5.14	5.34	12.26	4.09	62.79
		Grandview	JI-82	36.22	5.17	-	12.26	4.09	57.74
		Sterling	I-3	36.32	5.19	17.34	14.42	4.09	77.36
		Fox	I-74	37.00	5.29	13.50	15.16	4.09	75.04
		Walters	I-1	36.55	5.22	10.20	12.26	4.09	68.32
		Temple	I-101	35.00	5.00	10.31	12.26	4.09	66.66
		Elmore City	I-72	35.18	5.03	7.66	11.06	4.09	63.02
		Waurika	I-23	35.00	5.00	10.55	12.26	4.09	66.90
		Ringling	I-14	36.42	5.20	10.02	15.16	4.09	70.89

**STEPHENS COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 TREND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

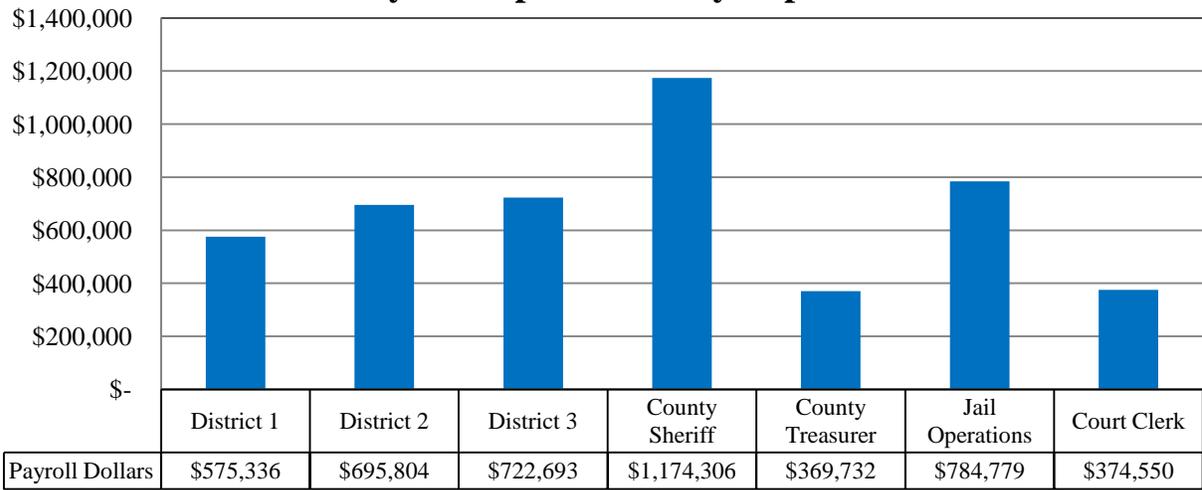
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2013	\$121,691,866	\$25,781,826	\$193,453,900	\$13,424,568	\$327,503,024	\$2,977,792,257
1/1/2012	\$93,980,589	\$27,645,559	\$187,025,354	\$13,535,431	\$295,116,071	\$2,675,586,611
1/1/2011	\$82,858,957	\$28,225,896	\$180,985,278	\$13,368,362	\$278,701,769	\$2,522,110,852
1/1/2010	\$81,819,157	\$24,973,833	\$177,433,562	\$13,236,298	\$270,990,254	\$2,466,137,574
1/1/2009	\$79,476,374	\$22,653,666	\$172,477,414	\$13,025,880	\$261,581,574	\$2,389,629,752



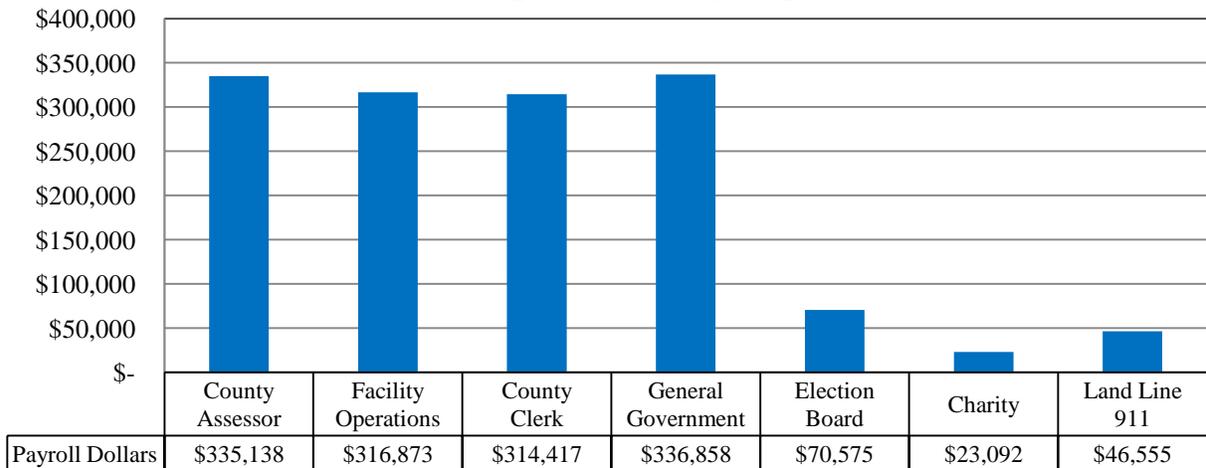
**STEPHENS COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

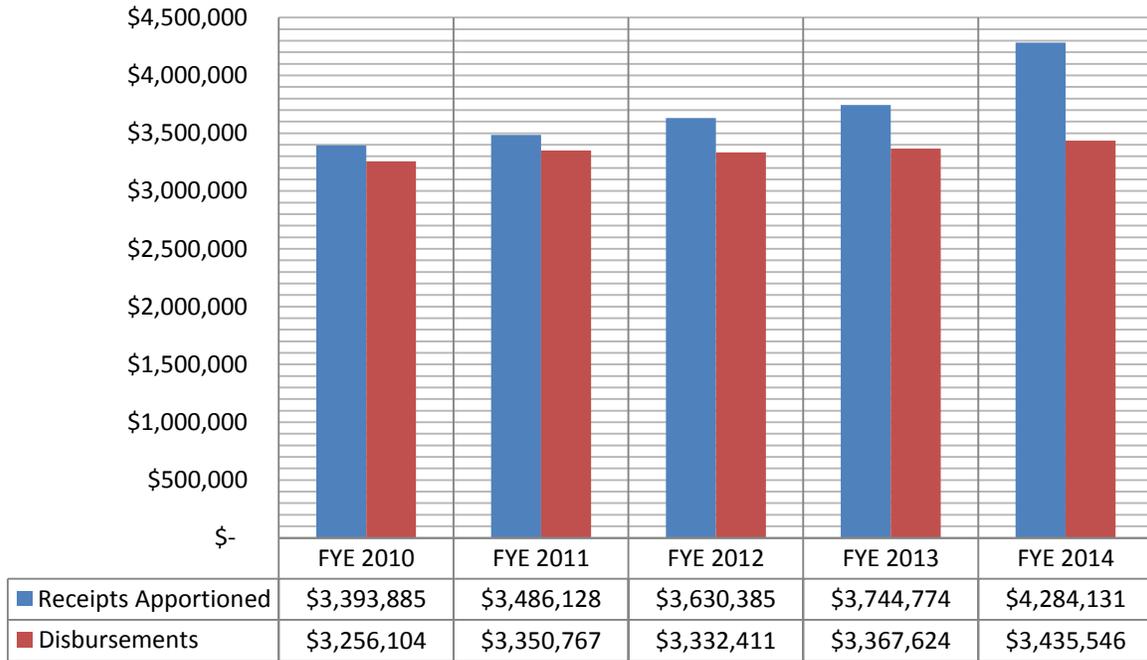


**STEPHENS COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## 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.

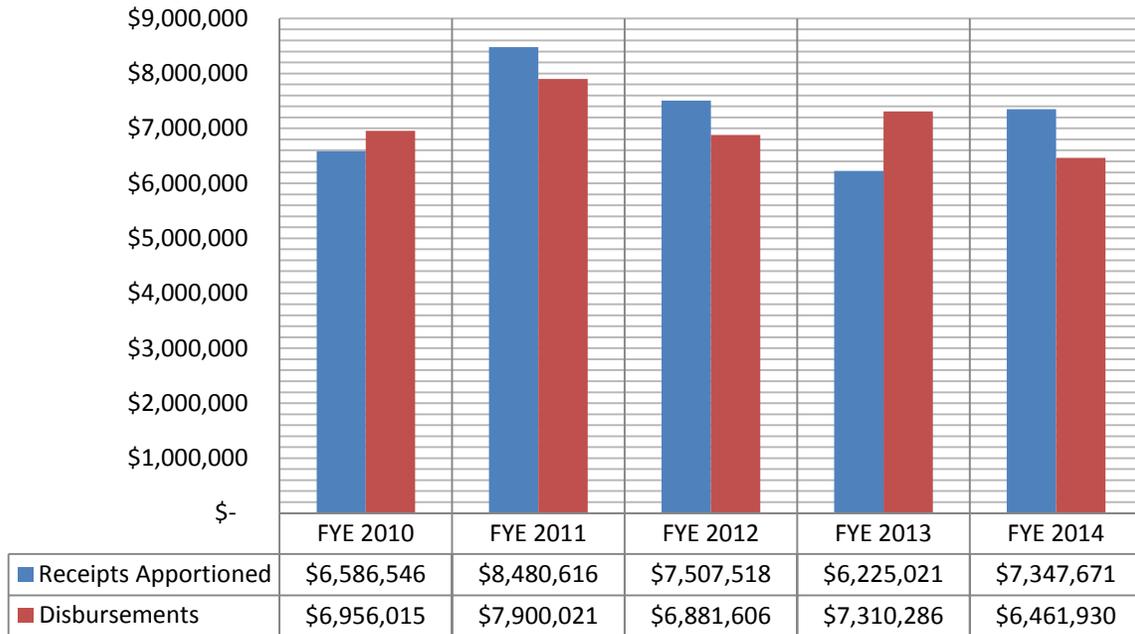


**STEPHENS COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

## 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  
STEPHENS COUNTY, OKLAHOMA

### *Report on the Financial Statement*

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Stephens County, Oklahoma, as of and for the year ended June 30, 2014, listed in the table of contents as the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by Stephens County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Stephens County as of June 30, 2014, or changes in its financial position for the year then ended.

***Opinion on Regulatory Basis of Accounting***

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 Stephens County, for the year ended June 30, 2014, on the basis of accounting described in Note 1.

***Other Matters***

***Other Information***

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.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, as listed in the table of contents, 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 subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of Stephens 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 in considering Stephens County's internal control over financial reporting and compliance.

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

November 2, 2015

**REGULATORY BASIS FINANCIAL STATEMENT**

**STEPHENS 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, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Combining Information:						
Major Funds:						
County General Fund	\$ 4,897,600	\$ 4,284,131	\$ -	\$ -	\$ 3,435,546	\$ 5,746,185
County Highway Fund	11,566,943	7,347,671	-	-	6,461,930	12,452,684
County Health Department	1,300,084	832,367	-	-	829,682	1,302,769
Resale Property	584,159	273,550	21,945	-	286,305	593,349
Sheriff Service Fee	760,687	269,863	-	-	206,757	823,793
Community Development Block Grant (CDBG)	30,860	224,999	-	-	232,118	23,741
Governmental Building Authority Jail Operations	649,110	1,735,601	-	-	1,704,853	679,858
Governmental Building Authority Facility Operations	176,028	573,579	-	-	501,949	247,658
Governmental Building Authority Jail Sales Tax	3,172,016	537,305	-	-	57,275	3,652,046
Governmental Building Authority Facility Sales Tax	2,537,267	1,322,289	-	-	1,189,897	2,669,659
Stephens County Fire Departments and Nutrition Centers	83,659	1,133,070	-	-	127,147	1,089,582
Rural Economic Action Plan (REAP) Grant	-	27,898	-	-	27,898	-
Remaining Aggregate Funds	2,073,868	1,740,263	-	-	1,700,625	2,113,506
<b>Combined Total - All County Funds</b>	<b>\$ 27,832,281</b>	<b>\$ 20,302,586</b>	<b>\$ 21,945</b>	<b>\$ -</b>	<b>\$ 16,761,982</b>	<b>\$ 31,394,830</b>

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

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Stephens 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 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 – accounts for the general operations of the government.

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

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

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

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

Community Development Block Grant (CDBG) – accounts for a grant received for handicap accessibility and tripping hazards at the courthouse and parking lot repairs at the fairgrounds.

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Governmental Building Authority Jail Operations – accounts for funds collected from a county sales tax to be used for the maintenance and operation of the Stephens County Jail.

Governmental Building Authority Facility Operations – accounts for the funds collected from a county sales tax to be used for maintenance and operation of the Stephens County Fairgrounds and Buildings.

Governmental Building Authority Jail Sales Tax – accounts for the sales tax funds used to retire debt incurred for the construction of the Stephens County Jail.

Governmental Building Authority Facility Sales Tax – accounts for the sales tax funds used to retire debt incurred for the construction of the Stephens County Fairgrounds Buildings.

Stephens County Fire Departments and Nutrition Centers – accounts for the collection of the sales tax dedicated for maintenance and operation of the Stephens County Fire Departments and Stephens County Senior Centers; excluding personal services and travel expenses.

Rural Economic Action Plan (REAP) Grant – accounts for grant monies received from the State of Oklahoma for the conservation district and disbursed for equipment.

**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 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. 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.

**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

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

---

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."

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.

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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.

**D. Sales Tax**

On August 22, 2000, the voters of Stephens County approved a sales tax of one-half percent (1/2%) for acquiring, constructing, equipping, repairing, renovating, operating, and maintaining county jail facilities and parking facilities for Stephens County, Oklahoma. Two-tenths of one percent (2/10%) expired October 1, 2005, with the remaining three-tenths of one percent (3/10%)

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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for an unlimited duration or until repealed by a majority of the electors of Stephens County. The sales tax is accounted for in two funds known as the Governmental Building Authority Jail Sales Tax and Governmental Building Authority Jail Operations. All indebtedness of the Governmental Building Authority has been retired.

On November 7, 2000, the voters of Stephens County approved a one-fourth of one percent (1/4%) sales tax for the sole purpose to pay for acquiring, constructing, equipping, repairing, renovating, operating, and maintaining County Fair facilities for Stephens, Oklahoma; to pay the principal of and interest on indebtedness incurred on behalf of said County by the Stephens County Government Building Authority for such purposes; providing that said sales tax shall expire and cease to be collected on December 31, 2020; fixing effective date; making provisions accumulative; and providing severability of provisions. The said sales tax shall expire December 31, 2020, at which time all indebtedness of the Governmental Building Authority Facility Operations will be retired. The sales tax is accounted for in two funds known as the Governmental Building Authority Facility Sales Tax and Governmental Building Authority Facility Operations.

On November 6, 2012, the voters of Stephens County approved a fifteen-one-hundredths percent (.15%) sales tax for the support of the Stephens County Fire Departments and the Stephens County Senior Centers. This sales tax shall be used for the purpose of acquiring, purchasing, continuing, equipping, repairing, renovating, operating, maintaining, training and advancing fire protection, prevention and/or communication services or equipment, including maintenance and/or construction of buildings or facilities, but not to include salaries in Stephens, Oklahoma, to support the fire departments in Stephens County, and the maintaining, continuing, equipping, repairing, renovating or operating the Stephens County Senior Centers. The sales tax is accounted for in the Stephens County Fire Departments and Nutrition Centers fund.

**E. Interfund Transfer**

During the fiscal year, the County made the following transfer between cash funds:

- \$21,945 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.

**OTHER SUPPLEMENTARY INFORMATION**

**STEPHENS 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, 2014**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 4,897,600	\$ 4,897,600	\$ -
Less: Prior Year Outstanding Warrants	(53,225)	(53,225)	-
Less: Prior Year Encumbrances	(201,449)	(169,667)	31,782
Beginning Cash Balances, Budgetary Basis	<u>4,642,926</u>	<u>4,674,708</u>	<u>31,782</u>
Receipts:			
Ad Valorem Taxes	3,042,801	3,284,347	241,546
Charges for Services	175,000	285,775	110,775
Intergovernmental Revenues	470,929	671,701	200,772
Miscellaneous Revenues	16,800	42,308	25,508
Total Receipts, Budgetary Basis	<u>3,705,530</u>	<u>4,284,131</u>	<u>578,601</u>
Expenditures:			
District Attorney - County	4,000	3,666	334
County Sheriff	622,512	603,212	19,300
County Treasurer	210,854	189,429	21,425
County Commissioners	3,000	2,563	437
County Commissioners OSU Extension	103,117	82,470	20,647
County Clerk	326,003	323,971	2,032
Court Clerk	220,559	219,573	986
County Assessor	188,257	187,889	368
Revaluation of Real Property	384,930	305,015	79,915
District Court	20,000	14,037	5,963
General Government	6,039,186	1,364,048	4,675,138
Excise - Equalization Board	7,502	7,283	219
County Election Expense	96,232	82,947	13,285
Charity	43,589	34,145	9,444
Wildlife Trapper	2,400	2,400	-
County Audit Budget Account	61,315	44,867	16,448
Free Fair Budget Account	15,000	14,897	103
Total Expenditures, Budgetary Basis	<u>8,348,456</u>	<u>3,482,412</u>	<u>4,866,044</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>5,476,427</u>	<u>\$ 5,476,427</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		37,536	
Add: Current Year Encumbrances		<u>232,222</u>	
Ending Cash Balance		<u>\$ 5,746,185</u>	

**STEPHENS 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, 2014**

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,300,084	\$ 1,300,084	\$ -
Less: Prior Year Outstanding Warrants	(1,892)	(1,892)	-
Less: Prior Year Encumbrances	(175,020)	(162,439)	12,581
Beginning Cash Balances, Budgetary Basis	1,123,172	1,135,753	12,581
Receipts:			
Ad Valorem Taxes	762,189	822,089	59,900
Charges for Services	-	9,083	9,083
Intergovernmental	8,458	1,081	(7,377)
Miscellaneous Revenues	-	114	114
Total Receipts, Budgetary Basis	770,647	832,367	61,720
Expenditures:			
County Health Budget	1,893,819	724,522	1,169,297
Total Expenditures, Budgetary Basis	1,893,819	724,522	1,169,297
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,243,598	\$ 1,243,598
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		5,801	
Add: Current Year Outstanding Warrants		53,370	
Ending Cash Balance		\$ 1,302,769	

**STEPHENS COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS—**  
**REMAINING AGGREGATE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:				
Sheriff Housing	\$ 1,142,855	\$ 910,264	\$ 896,166	\$ 1,156,953
Violence of Crime Advocate (VOCA) Grant	7,500	-	-	7,500
Treasurer Mortgage Tax Certification Fee	33,896	9,145	69	42,972
County Clerk Lien Fee	206,600	88,509	56,786	238,323
County Clerk Records Management & Preservation	281,683	89,230	68,432	302,481
Assessor Revolving Fee	21,607	23,675	8,541	36,741
Assessor Visual Inspection	8,341	7	-	8,348
Sheriff Grant Fund	5,701	-	2,396	3,305
Sheriff Commissary	40,636	61,923	45,798	56,761
Sheriff Training	1	-	-	1
Community Service Sentencing Program	1,038	25	-	1,063
Drug Abuse Resistance Education (DARE)	8	-	-	8
Free Fair	73,664	222,570	228,912	67,322
Civil Defense	85,606	61,971	69,009	78,568
Courthouse Building	598	-	-	598
County Reward Fund	1,123	-	-	1,123
Wireless 911 Fee	27,659	81,165	80,420	28,404
Land Line 911 Fee	108,224	180,931	243,488	45,667
County Education Authority Acceptance Fee	27,120	10,848	600	37,368
Disability Reimbursement Insurance Fund (DIRF)	8	-	8	-
<b>Combined Total - Remaining Aggregate Funds</b>	<b>\$ 2,073,868</b>	<b>\$ 1,740,263</b>	<b>\$ 1,700,625</b>	<b>\$ 2,113,506</b>

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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.

**4. Remaining County Funds**

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

Sheriff Housing – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

Violence of Crime Advocate (VOCA) Grant – accounts for grant monies received to pay salaries of victim's advocate for the Sheriff's Department.

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

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

County Clerk Records Management & Preservation – accounts for fees collected for instruments filed in the County Clerk's office as restricted by statute for preservation of records.

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

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

Sheriff Grant Fund – accounts for funds received from various grants to the County Sheriff's office.

**STEPHENS COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Sheriff Commissary – accounts for the collection of sale of items to inmates and disbursements to purchase commissary goods from the vendor and can be used for the maintenance and operations of the jail.

Sheriff Training – accounts for the collection of miscellaneous receipts and disbursements for the training of Sheriff's deputies.

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

Drug Abuse Resistance Education (DARE) – accounts for state funds disbursed for the purpose of drug education and drug awareness.

Free Fair – accounts for monies received from rentals and used for the operation of the fairgrounds.

Civil Defense – accounts for the receipt and disbursement of funds from the state and local governments for civil defense purposes.

Courthouse Building – accounts for monies received for courthouse improvements.

County Reward Fund – accounts for monies collected and disbursed to citizens involved in the reporting of littering offenses.

Wireless 911 Fee – accounts for the collection of fees imposed on wireless users within the County for the operation of the Emergency 911 service.

Land Line 911 Fee – accounts for the collection of fees imposed on land line users within the County for the operation of the Emergency 911 service.

County Education Authority Acceptance Fee – accounts for collections of administrative fees to be expended on the annual audit of the Stephens County Educational Facilities Authority.

Disability Reimbursement Insurance Fund (DIRF) – accounts for the collection of insurance premiums to be repaid to County employees.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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## **Independent Auditor's 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  
STEPHENS COUNTY, OKLAHOMA

We have audited, in accordance with the 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, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Stephens County, Oklahoma, as of and for the year ended June 30, 2014, which comprises Stephens County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 2, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than 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, 2014, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Stephens County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Stephens County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stephens County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 deficiency described in the accompanying schedule of findings and responses to be a material weakness: 2014-1.

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 deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2014-2.

### **Compliance and Other Matters**

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

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

### **Stephens County's Responses to Findings**

Stephens County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Stephens County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

November 2, 2015

**STEPHENS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**Finding 2014- 1 – Inadequate County-Wide Controls (Repeat Finding)**

**Condition:** County-wide controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed to address risks of the County.

**Effect of Condition:** This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s Policies and Procedures Handbook.

**Management Response:**

**Board of County Commissioners:** We are aware of this condition and will work toward assessing and identifying risks to design written county-wide controls.

**Criteria:** Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

**STEPHENS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 2014- 2 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)**

**Condition:** The audit of forty (40) disbursements reflected the following:

- Two (2) instances were noted in which the disbursement was not properly encumbered.
- Two (2) instances were noted in which the purchase order did not have adequate supporting documentation, (i.e., receiving reports)
- One (1) instance was noted in which the disbursement was not charged to the proper fund and account.
- One (1) instance was noted in which the disbursement was not reviewed/authorized.
- One (1) instance was noted in which the disbursement did not have invoices to support the disbursement amount.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the disbursement process to strengthen internal controls and ensure compliance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Further, these conditions could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends the following in accordance with 19 O.S. §1505C and §1505E:

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of County funds should be supported with invoices and receiving reports.

Further, OSAI recommends that disbursements be properly reviewed and authorized and ensure disbursements are charged to the proper fund and account.

**Management Response:**

**County Clerk:** To become more compliant with the statutes, I will send out a memo to all departments to ensure that proper procedures are followed when purchasing. All purchase orders that do not comply with purchasing guidelines will be marked as *“Does not comply with purchasing guidelines”* prior to being submitted to the BOCC for approval.

**Board of County Commissioners:** Please be totally assured that this office is very concerned that procedures have not been followed to be in compliance with state statutes. It is also to be noted that we have acted upon the advice of our District Attorney on approval of purchase orders that have not been encumbered properly, lease-purchasing, and payment of purchase orders, to avoid lawsuits. The Stephens County Clerk and her staff have done an excellent job of attempting to stay in accordance with the provisions set out in the state purchasing and explaining the proper procedures for purchasing. We are of the opinion that this notice may bring awareness that purchasing laws and rules are not made by our County, but are to be followed by the entire state.

**STEPHENS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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 and disbursement calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

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

**Finding 2014-3 - Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry and observation of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following exceptions were noted:

- One individual is primarily responsible for inputting inmate deposits into the commissary system, preparing deposit slips, depositing with the financial institution, preparing checks, and posting transactions to inmate records.
- Checks from the Inmate Trust Fund Checking Account were issued with only one authorized signature. One employee has the capability to prepare, print, and sign checks without independent oversight.
- Deposits were not made daily.
- The County Sheriff’s office did not file an annual report for the Commissary Fund with the Board of County Commissioners by January 15<sup>th</sup>, of the fiscal year.
- Inmate ledgers were not reconciled to the bank statements on a monthly basis.
- In a test of 100% of disbursements, it was noted 264 checks were not issued in compliance with state statutes.

**Cause of Condition:** Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes, laws, and regulations. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of undetected errors and possible misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. Management should provide segregation of duties so that no one employee is able to perform all accounting functions. OSAI recommends that checks require two authorized signatures and restrict any employee with check printing capabilities from being authorized signers of the account.

**STEPHENS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Further, OSAI recommends all money collected from inmates at time of booking, be deposited into the Inmate Trust Fund Checking Account (19 O.S. § 531 A.), on a daily basis (19 O.S. § 682), and expenditures from the Inmate Trust Fund Checking Account should be made in accordance with 19 O.S. § 531 A. In addition, the Sheriff's office should file an annual report for the Commissary Fund with the Board of County Commissioners by January 15<sup>th</sup>, of the fiscal year (19 O.S. § 180.43 D).

**Management Response:**

**County Sheriff:** The County Sheriff is aware of this condition and will work toward a segregation of duties over the Inmate Trust Fund Checking Account. All checks will now require two authorized signatures and employees with check printing capabilities will not be authorized signers. The County Sheriff is aware that money collected from inmates at time of booking is not deposited into the Inmate Trust Fund Checking Account due to timing of the release of the inmate. An emphasis has been placed on depositing inmate money into the Inmate Trust Fund Checking Account on a daily basis. The County Sheriff will work toward compliance of state statutes regarding allowed expenditures from the Inmate Trust Fund Checking Account. The County Sheriff will file an annual report for the Commissary Fund with the Board of County Commissioners by January 15<sup>th</sup>.

**Criteria:** The overall goal of effective internal controls is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, no one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions. In addition, two authorized signatures should be required on all inmate trust account checks, bank reconciliations should be performed each month, and contracts should be approved by the Board of County Commissioners.

Title 19 O.S. § 531 A. states in part, "...The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account..."  
The county sheriff...may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Title 19 O.S. § 682 states in part, "...It shall be the duty of each and every county officer..., to deposit daily...every kind received or collected by virtue or under color of office..."

Title 19 O.S. § 180.43 D. states in part, "...The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15<sup>th</sup> of each year."



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