

COUNTY AUDIT

TEXAS COUNTY

For the fiscal year ended June 30, 2008



*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

**TEXAS COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Oklahoma State Auditor & Inspector

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June 14, 2011

TO THE CITIZENS OF
TEXAS COUNTY, OKLAHOMA

Transmitted herewith is the audit of Texas County, Oklahoma for the fiscal year ended June 30, 2008. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in blue ink that reads "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

**TEXAS COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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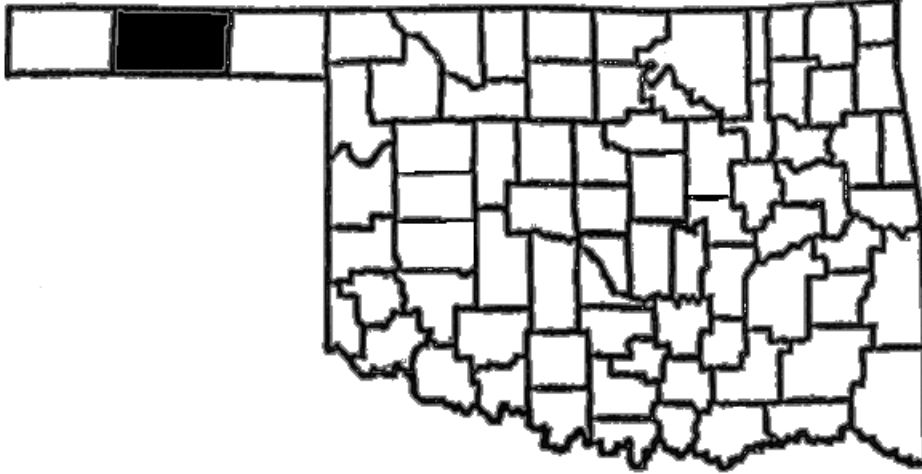
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**REPORT TO THE CITIZENS
OF
TEXAS COUNTY, OKLAHOMA**



Texas County was formed at statehood from the central one-third of “Old Beaver County,” also known as “No Man’s Land.” It took its name from the state of Texas.

The Beaver River is the principal stream in Texas County, rising in northeastern New Mexico. It is joined by Wolf Creek near Fort Supply and from there becomes known as the North Canadian River and emptying into the Canadian River near Eufaula.

Texas County consists of level plains and rolling hills. Many trees, especially cottonwood, grow along the streams. A large number of irrigation wells in the County help stabilize farming.

Wheat, grain sorghums, and cattle are the chief agricultural industries, ranking near the top among counties of the state in all three. The County ranks high in natural gas and petroleum, being first in gas production among all counties of the United States.

County Seat - Guymon

Area – 2,048.81 Square Miles

County Population – 20,112
(2005 est.)

Farms – 1,002

Land in Farms – 1,181,025 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COUNTY ASSESSOR

Thyra Grounds

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

Marcia Hollingshead

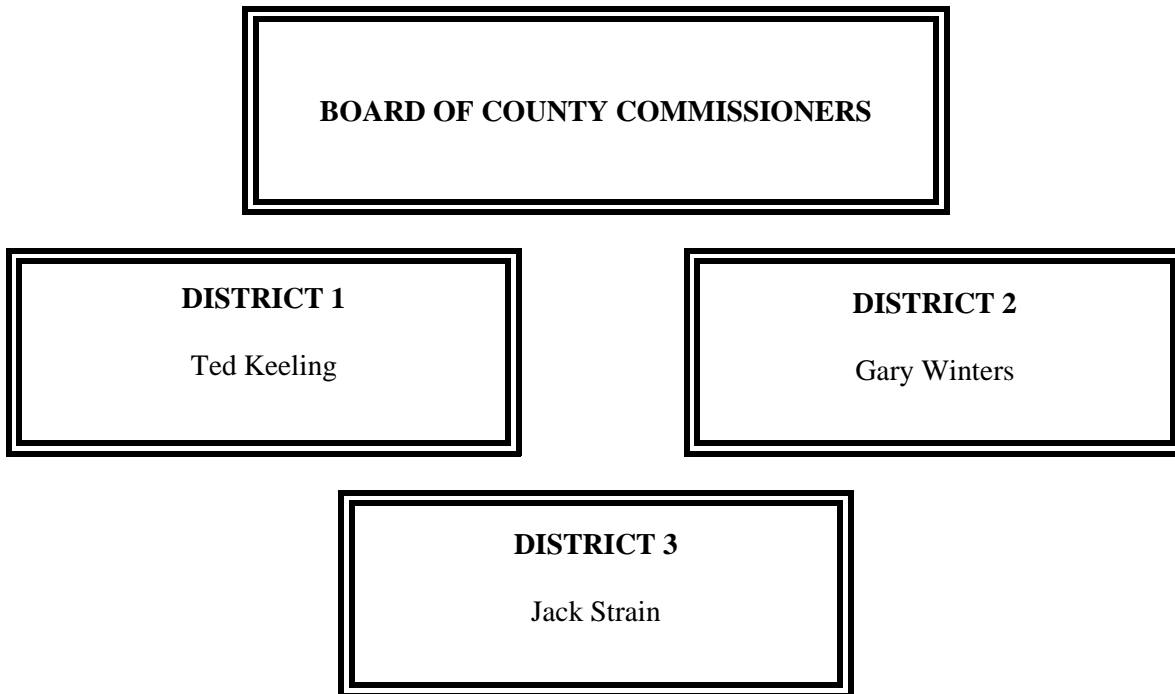
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**



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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COUNTY SHERIFF

Arnold Peoples

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

Rita Wise

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.

See independent auditor's report.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COURT CLERK

Karen Parish

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.

DISTRICT ATTORNEY

James M. Boring

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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

ELECTION BOARD SECRETARY

Melissa Costner

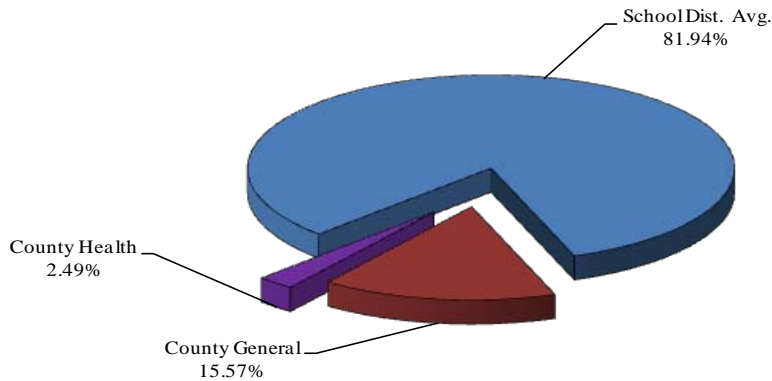
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**TEXAS COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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



County-Wide Millages			School District Millages					
			Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.00	Yarbrough	I-1	5.00	4.79			48.79
County Health	1.60	Guymon	I-8	5.00	11.89		4.00	55.89
		Guymon rural	I-8	5.00	11.89		4.00	55.89
		Optima	I-9	5.00			4.00	44.00
		Hardesty	I-15	5.00	5.55		4.00	49.55
		Hardesty rural	I-15	5.00	5.55		4.00	49.55
		Hooker	I-23	5.00	4.34		4.00	48.34
		Hooker rural	I-23	5.00	4.34		4.00	48.34
		Tyrone	I-53	5.00	20.87		4.00	64.87
		Tyrone rural	I-53	5.00	20.87		4.00	64.87
		Goodwell	I-60	5.00		7.44	4.00	51.44
		Goodwell rural	I-60	5.00			4.00	44.00
		Texhoma	I-61	5.00	15.29		4.00	59.29
		Texhoma rural	I-61	5.00	15.29		4.00	59.29
		Straight	I-80	5.00			4.00	44.00
		Straight rural	I-80	5.00			4.00	44.00
		Cimarron Co.	Jt 11	5.00	13.81		4.00	57.81
		Beaver Co.	Jt 128	5.00	8.16		4.00	52.16

See independent auditor's report.

**TEXAS COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Total net assessed value as of January 1, 2007		<u>\$ 177,396,132</u>
Debt limit - 5% of total assessed value		8,869,807
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>5</u>	<u>-</u>
Legal debt margin		<u>\$ 8,869,807</u>

See independent auditor's report.

**TEXAS COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

	2008
Estimated population	20,112
Net assessed value as of January 1, 2007	\$ 177,396,132
Gross bonded debt	-
Less available sinking fund cash balance	5
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**TEXAS COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$63,531,646	\$23,947,830	\$93,316,321	\$3,399,665	\$177,396,132	\$1,311,327,331

See independent auditor's report.

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
TEXAS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Texas County, Oklahoma, as of and for the year ended June 30, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Texas County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Texas County as of June 30, 2008, 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 Texas County for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2011, on our consideration of Texas County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

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

May 23, 2011

Basic Financial Statement

**TEXAS COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2008
Combining Information:				
County General Fund	\$ 4,330,898	\$ 2,922,323	\$ 2,495,762	\$ 4,757,459
County Highway Cash	5,608,259	7,926,909	7,814,146	5,721,022
County Commissioner Reward Fund	340	100		440
County Health Department	224,643	327,944	342,207	210,380
Resale Property	39,577	70,299	67,657	42,219
Treasurer Mortgage Tax Certification Fee	2,207	3,505		5,712
County Clerk Lien Fee	110,431	23,799	3,623	130,607
County Clerk Records Preservation Fee	122,709	25,634		148,343
Assessor Revolving Fee	12,659	5,941		18,600
Assessor Visual Inspection	388			388
Assessor Equipment Upgrade	101			101
Sheriff Service Fee	974,316	715,399	832,621	857,094
Sheriff Commissary	63,309	92,312	54,666	100,955
Sheriff Special Revenue	43,819	8,923	27,286	25,456
Sheriff Training	954			954
Community Service Sentencing Program	1,721			1,721
Juvenile Detention	169,892	430,179	436,318	163,753
County Sales Tax Proceeds	2,483,994	2,283,639	1,070,211	3,697,422
Activity Center/Free Fair	17,481	43,506	33,744	27,243
Grant Account		5,000		5,000
ACCO Safety Award		10,000		10,000
Local Emergency Planning Commission	25,172	7,602	2,999	29,775
County Building	241,277	65,343		306,620
Sinking Fund	5			5
Combined Total--All County Funds	\$ 14,474,152	\$ 14,968,357	\$ 13,181,240	\$ 16,261,269

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

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 Texas County, Oklahoma. The financial statement referred to includes only the primary government of Texas County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. 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.

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

County Commissioner Reward Fund - accounts for money received through the District Court and disbursed to citizens reporting crime in the County in which a reward is offered.

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

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

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

County Clerk Records Preservation Fee - 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 disbursement of monies by the Assessor as restricted by state statute for the visual inspection program.

Assessor Equipment Upgrade – accounts for the collection of a grant to be used to update equipment in the Assessor's office.

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

Sheriff Commissary – accounts for the collection of fees from purchases of commissary goods by prisoners. Disbursements account for the maintenance and operation of the Sheriff's office and stocking of the commissary goods.

Sheriff Special Revenue – accounts for the collection of medical fees reimbursed from prisoners and disbursements are made for general operations of the Sheriff's office.

Sheriff Training – accounts for the collection of miscellaneous receipts and disbursement for the training of sheriff deputies.

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

Juvenile Detention – accounts for the collections from the State of Oklahoma and other Oklahoma Counties for the housing of juvenile offenders. Disbursements are for the operation of the juvenile detention center.

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

County Sales Tax Proceeds – accounts for the collection of reserve sales tax monies received from the Texas County Development Authority in excess of bond issue payments. Disbursements are for the general operation of the county jail.

Activity Center/Free Fair – accounts for the collection of sales tax funds and is disbursed for the operations of the free fair organization.

Grant Account – accounts for the collection of grant funds for emergency civil management to be disbursed in compliance with grant requirements.

ACCO Safety Award – accounts for the collection of a state-wide safety award from the Association of County Commissioners of Oklahoma to be disbursed to employees of Texas County qualifying for the award.

Local Emergency Planning Commission – accounts for the collection of fees received from pipeline companies and disbursement of funds may be used for emergency planning, training, and equipment.

County Building – accounts for the collection of funds used for the maintenance and remodeling of county buildings.

Sinking Fund – accounts for monies collected on behalf of Texas County from ad valorem taxes, used to pay principal and interest on bonds outstanding. There has been no activity in this fund for several years.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts. 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.

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

D. Budget

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

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

E. Cash

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

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

F. Investments

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

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

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

All full time employees are entitled to annual leave that is accrued on a monthly basis. Depending on years of service, an employee can earn from 5 days of vacation leave to 15 days of vacation leave per year. Employees may carry over no more than 240 hours or 30 days of vacation at any time.

All full-time employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 130 days.

2. Ad Valorem Tax

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

The assessed property value as of January 1, 2007, was approximately \$177,396,132.

The County levied 10.00 mills (the legal maximum) for general fund operations and 1.6 mills for county health department. In addition, the County collects the ad valorem taxes assessed by 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, 2008, were approximately 97.66 percent of the tax levy.

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle 	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"> • Theft • Damage to Assets • Natural Disasters 		
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members 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 \$25,000 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.

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

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

5. Long-Term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery 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 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$609,039, \$530,565, and \$479,161, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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. Amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined, 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.

9. Sales Tax

On April 11, 1994, Texas County voters approved a one cent sales tax. The sales tax began on August 1, 1994, and ends the last day of July 2009. The sales tax was used for the constructing of a county jail facility and the continuance of operations of the same. The sales tax also provides certain funds for the Memorial Hospital of Texas County, the Texas County Firefighters Emergency Services, the Texas County Free Fair, and the general operations of Texas County.

10. Restatement of Beginning Fund Balance

Due to the reclassification of funds for the fiscal year ended June 30, 2007, the ending balance as reported is different than the June 30, 2008, beginning balance. The difference is due to moving the Activity Center/Free Fair funds from non-county funds to county funds. Those funds include Activity Center/Free Fair of \$17,481. The change resulted in an increase in the beginning cash balance of \$17,481.

Prior Year Ending Balance as Reported	\$14,456,671
Non-county funds reclassified as County funds	<u>17,481</u>
Prior Year Ending Balance as Restated	<u>\$14,474,152</u>

OTHER SUPPLEMENTARY INFORMATION

TEXAS 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, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 4,330,898	\$ 4,330,898	\$ 4,330,898	\$ -
Less: Prior Year Outstanding Warrants	(94,989)	(94,989)	(94,989)	
Less: Prior Year Encumbrances	(134,201)	(134,201)	(101,902)	32,299
Beginning Cash Balances, Budgetary Basis	<u>4,101,708</u>	<u>4,101,708</u>	<u>4,134,007</u>	<u>32,299</u>
Receipts:				
Ad Valorem Taxes	1,612,692	1,612,692	1,910,503	297,811
Charges for Services	208,403	208,403	408,699	200,296
Sales Tax	45,679	45,679	97,725	52,046
Intergovernmental Revenues	177,954	177,954	396,399	218,445
Miscellaneous Revenues			108,997	108,997
Total Receipts, Budgetary Basis	<u>2,044,728</u>	<u>2,044,728</u>	<u>2,922,323</u>	<u>877,595</u>
Expenditures:				
District Attorney	500	500	-	500
District Attorney County	7,500	8,509	5,911	2,598
County Sheriff	373,103	373,103	371,149	1,954
County Treasurer	188,667	188,667	187,906	761
County Commissioners	140,691	140,691	139,322	1,369
OSU Extension	16,800	16,800	16,799	1
County Clerk	315,575	315,575	284,686	30,889
Court Clerk	109,292	109,292	108,323	969
County Assessor	119,435	119,437	118,678	759
Revaluation of Real Property	263,959	263,959	249,424	14,535
Juvenile Shelter Bureau	97,500	97,500	57,872	39,628
District Court	1,000	1,000	140	860
General Government	766,243	766,243	152,407	613,836
Excise-Equalization Board	4,800	4,800	2,750	2,050
County Election Board	63,860	65,941	54,222	11,719

continued on next page

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

**TEXAS 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, 2008**

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Insurance	1,436,281	1,434,037	493,142	940,895
Charity	11,000	11,000	7,460	3,540
Fire Fighting Service	92,200	92,200	75,654	16,546
Public Defender	66,505	68,771	55,843	12,928
Civil Defense	40,657	41,857	41,462	395
Highway Budget	9,300	9,300	8,135	1,165
County Audit	17,740	20,211	20,211	-
Free Fair	40,275	40,275	40,269	6
Library	2,000	2,000	945	1,055
County Hospital	44,349	44,349	44,349	-
Building Maintenance	1,167,205	1,170,205	-	1,170,205
Other Uses	749,999	740,214	-	740,214
Total Expenditures, Budgetary Basis	<u>6,146,436</u>	<u>6,146,436</u>	<u>2,537,059</u>	<u>3,609,377</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	4,519,271	<u>\$ 4,519,271</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			83,763	
Add: Current Year Outstanding Warrants			154,425	
Ending Cash Balance			<u>\$ 4,757,459</u>	

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

TEXAS 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, 2008

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 224,643	\$ 224,643	\$ 224,643	\$ -
Less: Prior Year Outstanding Warrants	(43,111)	(43,111)	(43,111)	
Less: Prior Year Encumbrances	(68,543)	(68,543)	(54,098)	14,445
Beginning Cash Balances, Budgetary Basis	<u>112,989</u>	<u>112,989</u>	<u>127,434</u>	<u>14,445</u>
Receipts:				
Ad Valorem Taxes	258,031	258,031	305,550	47,519
Charges for Services	11,639	11,639	20,141	8,502
Intergovernmental Revenues	84	13,020	700	(12,320)
Miscellaneous	3,897	3,897	1,553	(2,344)
Total Receipts, Budgetary Basis	<u>273,651</u>	<u>286,587</u>	<u>327,944</u>	<u>41,357</u>
Expenditures:				
Health and Welfare	386,640	399,576	273,930	125,646
Total Expenditures, Budgetary Basis	<u>386,640</u>	<u>399,576</u>	<u>273,930</u>	<u>125,646</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	181,448	<u>\$ 181,448</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			24,867	
Add: Current Year Outstanding Warrants			4,065	
Ending Cash Balance			<u>\$ 210,380</u>	

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

**TEXAS COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Beginning Cash Balance	<u>\$ 5</u>
Receipts:	<u>-</u>
Total Receipts	<u>-</u>
Disbursed to General Fund	<u>-</u>
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 5</u></u>

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

**TEXAS COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. Budgetary Schedule

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

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

2. Sinking Fund Schedule

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

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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

TO THE OFFICERS OF
TEXAS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Texas County, Oklahoma, as of and for the year ended June 30, 2008, which comprises Texas County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 23, 2011. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Texas County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Texas County's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, 2008-1, 2008-2, 2008-3, 2008-4. 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.

Compliance and Other Matters

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

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

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

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

May 23, 2011

**TEXAS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008-1 – Estimate of Needs/Financial Statement

Criteria: Accuracy is an overall goal of management in providing detailed information on the Estimate of Needs.

Condition: For the County financial statements, the following deficiencies were noted on the Estimate of Needs.

- The Excise Board approved general fund appropriations in the amount of \$5,396,436.56 for the fiscal year; however, the original appropriation for the fiscal year was \$6,146,435.77. The variance of \$749,999.21 was reported as the original appropriations under “Other Uses” on the Estimate of Needs.
- The Excise Board approved highway fund appropriations in the amount of \$10,957,765.74 for the fiscal year; however, the original appropriation for the fiscal year was \$9,901,108.65, a variance of (\$1,056,657.09.)
- The cash fund balance at June 30, 2008, for the County Sales Tax, reported on the Estimate of Needs was \$3,792,137.70. The actual cash fund balance was \$3,697,420.52, a variance of \$94,717.18.
- The cash fund balance at June 30, 2008, for the Health Department, reported on the Estimate of Needs was \$206,999.18. The actual cash fund balance was \$210,380.71, a variance of \$3,381.53.

Effect: These conditions could result in misappropriations of assets, unrecorded transactions, and misstatements to the financial statements.

Recommendation: OSAI recommends county management ensure detailed, accurate information is reported for all exhibits on the County Estimate of Needs to provide accuracy in financial statement reporting.

Views of responsible officials and planned corrective actions:

County Commissioners: Our plan is to correct the situation by hiring a new Certified Public Accountant to prepare the Estimate of Needs and Financial Statement for Texas County. Also, to ensure the accountant has all the correct information needed and do a more thorough review of the completed Financial Statement and Estimate of Needs. Texas County strives to ensure accuracy and maintain a good reputation and good relationship with the State Auditor’s Office. The above mentioned situation will be corrected.

**TEXAS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding 2008-2 – Footnote Disclosure

Criteria: The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. Statement on Auditing Standards (SAS) No. 115 indicates that a control deficiency exists when management does not have adequate expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards preclude the external financial statement auditor from performing any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to prevent or detect misstatements in a timely manner or to ensure all required disclosures are presented with the financial statement.

Effect: The potential exists for misstatements to go undetected, specifically for the completeness of financial statement disclosures.

Recommendation: OSAI recommends the County consider one or more of the following controls:

- Having at least one staff member with sufficient skills necessary to understand the application of accounting principles in regards to the preparation of financial statements.
- Contract an outside firm or individual to review or prepare the financial statements and accompanying notes to the financial statements to ensure appropriate disclosures are presented.

Views of responsible officials and planned corrective actions:

County Commissioners: Our plan is to correct the situation by hiring a new Certified Public Accountant to prepare the Estimate of Needs and Financial Statement for Texas County. Also, to ensure the accountant has all the correct information needed and do a more thorough review of the completed Financial Statement and Estimate of Needs. Texas County strives to ensure accuracy and maintain a good reputation and good relationship with the State Auditor's Office. The above mentioned situation will be corrected.

Finding 2008-3 – Bank Reconciliation Approval

Criteria: Accountability is an overall goal of management. To help ensure a proper accounting of funds, bank reconciliations should be reviewed and approved. This approval should be performed by someone other than the preparer.

Condition: Based on the observation of bank reconciliations at June 30, 2008, it was noted there is no documented review and approval of the reconciliation.

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

**TEXAS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Recommendation: OSAI recommends management implement procedures where bank reconciliations are reviewed and approved by someone other than the preparer, in order to ensure a proper accounting of funds.

Views of responsible officials and planned corrective actions:

County Treasurer: I will have the deputy that reconciles the bank statement initial it and I will initial it after I check it and put it on the monthly report as I have always done in the past with the exception of putting our initials on it.

Finding 2008-4 –Reconciliation of Appropriations

Criteria: Effective internal controls include performance of appropriate reconciliations and the retention of copies or records of reconciliations performed and approvals by the appropriate supervising officials.

Condition: The control test of monthly reconciliations of appropriations performed between the County Clerk and County Treasurer indicated that the reconciliations performed between the offices were not formally approved and records of variances and/or corrections were not retained.

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

Recommendation: OSAI recommends that the County officials retain all reconciliation records until the OSAI audit has been completed, so as to provide evidence that controls are in place for the reconciliation of warrants issued and paid between the County Clerk and County Treasurer.

Views of responsible officials and planned corrective actions:

County Treasurer: The Treasurer's Office has been doing monthly reconciliations with the County Clerk. We were never told to initial after we reconcile, but we will do that from now on and keep a copy in our file.

County Clerk: I am a little confused on what to write as it is hard to correct something we are already doing. We have always retained all reconciliation records until and after the OSAI audit has been completed. The field auditors here never checked or asked to see these. Therefore, we already do and have done for years what the finding is. The only thing that was not done was the County Clerk did not initial off on the reconciliations. This has never been done in the 25 years I have worked in the County Clerk's Office and had we been told we should, there would not have been a problem. We assume after 25 years if something is being done wrong, that at least one audit would have caught it. I'm confused with the statement we do not keep the monthly reconciliations, because if we did not keep them, how did someone know we did not initial off on them. I apologize for this and can ensure you this will be corrected.

**TEXAS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Finding 2008-5 – Inmate Trust Disbursements

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, supporting information and documentation for transactions should be completed and filed as necessary to verify the transactions are authorized by the appropriate level of supervision and/or management.

Condition: The test of trust disbursements indicated some payments to reimburse the Texas County Sheriff’s Office for medical bills and/or per diem housing and board were lacking in sufficient documentation to verify payments to a specific inmate or inmates.

Effect: Internal controls over the disbursement process in inmate funds may be insufficient to deter possible misappropriations or fraud.

Recommendation: OSAI recommends that the Texas County Sheriff’s office implement a voucher form to record the reason for the disbursement and to identify to which the specific inmate or inmates that the disbursement relates. These forms should be filed in a sequential file by check number or filed as a disbursement record in the inmates’ files.

Views of responsible officials and planned corrective actions:

County Sheriff: We are looking at having a receipt book printed that will be used to show each inmate that money was collected from, for medical or other reasons. The receipt will show check number that was issued by the Sheriff.

Finding 2008-6 – Inmate Trust Account

Criteria: Effective internal controls include all accounting records, such as receipt books, bank deposit books, bank account reconciliations, and inmate files. Records of bookings and releases should be maintained in a timely and accurate manner and retained for recordkeeping and audit purposes.

Condition: During the audit period, there were three processes by which the Texas County jail administration receipted funds for inmates: 1) the jail staff collected and receipted cash and other property through the “book in” process; 2) the jail staff collected and receipted cash, money orders, etc. that came through the U.S. mail for inmates; 3) the front desk receptionist collected and receipted cash, money orders, etc. brought in by family and friends during the visitation process. Separate receipt books were issued to the jail staff versus the receptionist/front desk office.

**TEXAS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Effect: Internal controls over the inmate trust bank account were not as effective with regard to deterring misappropriation or fraud.

Recommendation: OSAI recommends the following:

- Have receipt books printed three to a page with a separate number series for use by the jail staff versus the front desk/reception staff.
- Receipt books should be reviewed daily to verify that receipts are issued in sequence, none are being skipped.
- Identify the dollar amount of stale-dated checks being carried over month to month and use the amount as a “reconciling item” in completing a full reconciliation of the bank account monthly.
- As a control, in order to reduce the amount of cash being handled by staff, consider a new policy to accept cash only during the “book-in” process, and encourage/require trust funds to be paid by money order or cashier’s check only.
- OSAI recommends greater emphasis on processing and depositing inmate trust collections daily.

Views of responsible officials and planned corrective actions:

County Sheriff: We will be changing receipt books and changing to money orders or cashier’s checks for funds being left for inmates. Looking at closing inmate account and re-opening with a new account number to take care of stale-dated checks. We are also looking at using a Commissary Company.



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