

# TILLMAN COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008



# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

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

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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February 16, 2010

TO THE CITIZENS OF  
TILLMAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Tillman 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 "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

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

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

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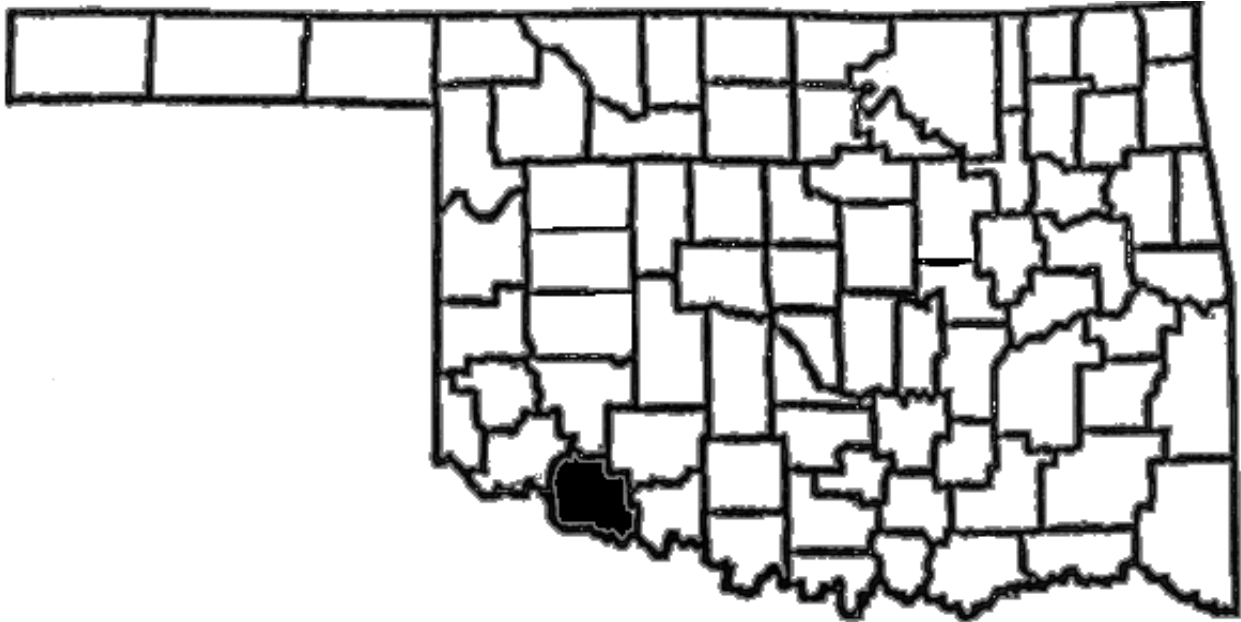
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**REPORT TO THE CITIZENS  
OF  
TILLMAN COUNTY, OKLAHOMA**

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Bordering Texas at the Red River, part of Tillman County was in Comanche, Kiowa and Apache grazing lands opened for settlement by lottery June 9 to August 6, 1901. The southeastern part, in Big Pasture, was opened by sealed bids in December 1906. These lands became part of Comanche County, Oklahoma Territory, until statehood, when Tillman County was organized and given the name of the famous U.S. Senator Benjamin Tillman of South Carolina.

County Seat – Frederick

Area – 879.21 Square Miles

County Population – 8,513  
(2005 est.)

Farms – 592

Land in Farms – 484,533 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

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**COUNTY ASSESSOR**  
Linda Coleman

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**  
Jerri Boyd

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.

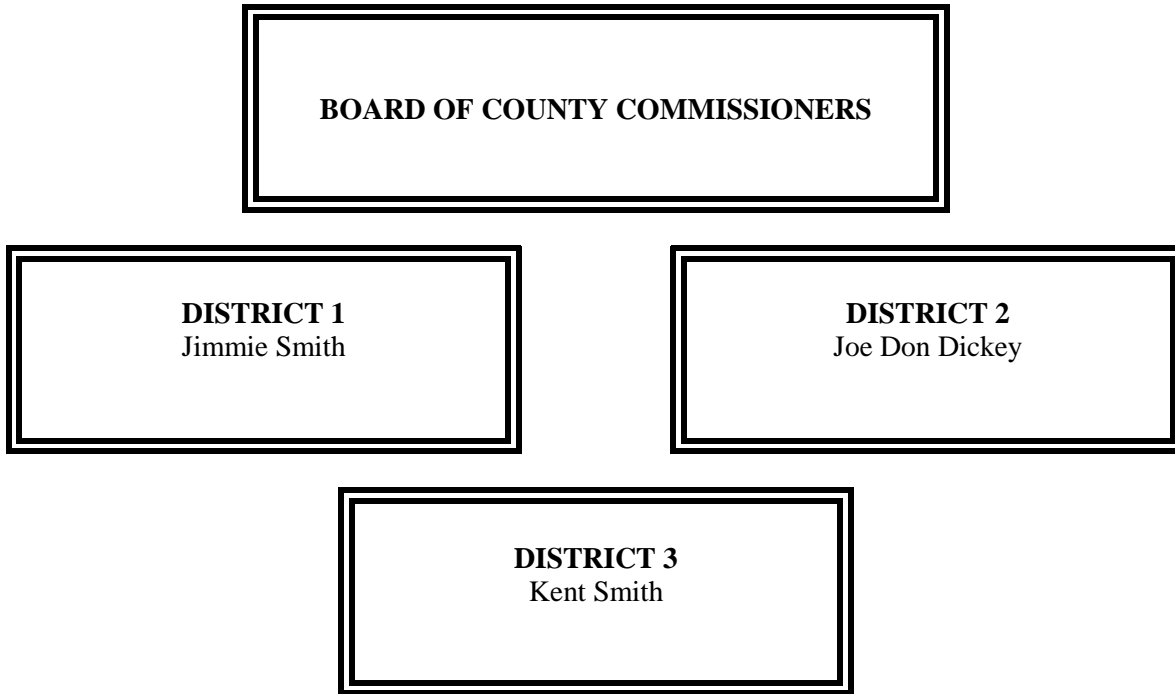
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

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The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.



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

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**COUNTY SHERIFF**  
Bobby Whittington

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**  
Kim Lamb

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

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

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**COURT CLERK**  
Daralene Kidwell

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

**DISTRICT ATTORNEY**  
John Wampler

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.

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

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**ELECTION BOARD SECRETARY**  
Wynnell Jackson

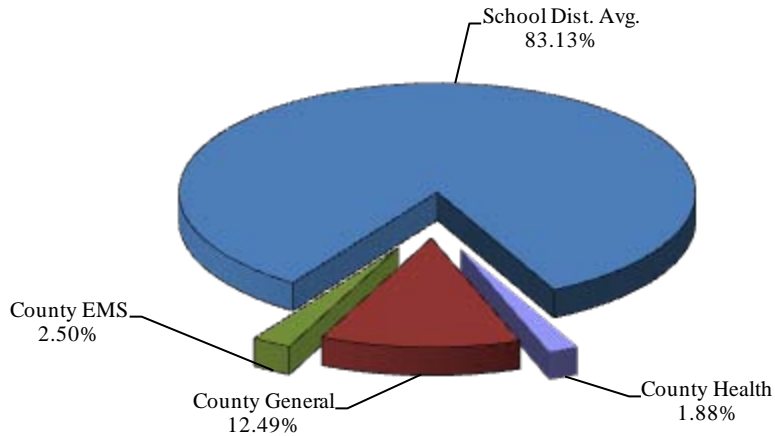
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**TILLMAN 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	10.46								
County Health	1.57	Tipton	I-8	36.75	5.25	25.17	14.51	4.19	85.87
EMS	2.09	Davidson	I-9	36.31	5.19	8.82	14.51	4.19	69.02
		Frederick	I-158	36.49	5.21	23.93	14.51	4.19	84.33
		Grandfield	I-249	36.86	5.27		14.51	4.19	60.83
		Hollister	I-158	36.49	5.21	23.93	14.51	4.19	84.33
		Hollister	I-132	37.19	5.31		14.51	4.19	61.20
		Snyder	JT-4	36.60	5.23		14.51	4.19	60.53
		Indiahoma	JT-2	35.94	5.13	10.12	14.51	4.19	69.89
		Chattanooga	JT-132	37.19	5.31		14.51	4.19	61.20
		Big Pasture	JT-133	35.17	5.02		14.51	4.19	58.89

See independent auditor's report.

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

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Total net assessed value as of January 1, 2007		<u>\$ 38,570,672</u>
Debt limit - 5% of total assessed value		1,928,534
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 1,928,534</u>

See independent auditor's report.

**TILLMAN 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)**

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	2008
Estimated population	8,513
Net assessed value as of January 1, 2007	\$ 38,570,672
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

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

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<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2007	\$8,046,555	\$4,973,876	\$27,877,063	\$2,326,822	\$38,570,672	\$321,130,993

See independent auditor's report.

**FINANCIAL SECTION**



# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 [www.sai.ok.gov](http://www.sai.ok.gov)

## Independent Auditor's Report

TO THE OFFICERS OF  
TILLMAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Tillman 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 Tillman 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 Tillman 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 Tillman 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 December 21, 2009, on our consideration of Tillman County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

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

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

December 21, 2009

## **Basic Financial Statement**

**TILLMAN 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	\$ 275,382	\$ 955,389	\$ 1,040,988	\$ 189,783
Highway Cash	1,345,698	2,746,376	2,521,047	1,571,027
County Health Department	75,526	175,028	188,480	62,074
Resale Property	98,380	41,357	24,768	114,969
Treasurer Mortgage Tax Certification Fee	32,234	2,405		34,639
County Clerk Lien Fee	7,251	1,909	2,203	6,957
County Clerk Records Management Preservation Fee	38,826	10,995	9,204	40,617
Assessor Revolving Fee	3,948	3,172	4,327	2,793
Assessor Visual Inspection	9,393	23	1,235	8,181
Sheriff Service Fee	36,456	82,740	88,952	30,244
Sheriff Prisoner Revolving	128,339	755,414	731,041	152,712
Sheriff Commissary	9,706	36,300	35,903	10,103
Sheriff Drug Fund	1,788		1,500	288
Sheriff Reserve Deputy	656		300	356
Community Service Sentencing Program	1,977		138	1,839
Trash Cop	43			43
Free Fair	10,687	15,399	18,305	7,781
OSU Extension	64,911	36,958	32,992	68,877
Insurance Deductible	7,421	1,845		9,266
E-911 Account	128,103	139,939	110,994	157,048
REAP Grant		14,400	14,400	
Oklahoma Centennial Grant		25,000	25,000	
Emergency Management SLA Program		4,800	4,800	
<b>Combined Total--All County Funds</b>	<b>\$ 2,276,725</b>	<b>\$ 5,049,449</b>	<b>\$ 4,856,577</b>	<b>\$ 2,469,597</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

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

**B. Fund Accounting**

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

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

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

Highway Cash - 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 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.

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 state statute.

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

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County Clerk Records Management Preservation Fee - accounts for fees collected for instruments filed in the Registrar of Deeds 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.

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

Sheriff Prisoner Revolving – accounts for state receipts and disbursements for the purpose of maintaining the Department of Correction inmates.

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

Sheriff Drug Fund - accounts for forfeitures and disbursements for drug enforcement.

Sheriff Reserve Deputy - accounts for donations and disbursements for equipment for the reserve deputies.

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

Trash Cop - accounts for the trash cop grant and disbursed for the purpose of trash patrol.

Free Fair - accounts for the collection of sales tax monies and disbursements are for the maintenance and operation of the Free Fair.

OSU Extension - accounts for the collection of sales tax monies and disbursements are for the maintenance and operation of the OSU Extension.

Insurance Deductible - accounts for the collection of insurance reimbursements and disbursements to cover deductibles on future claims.

E-911 Account - accounts for the collection of fees imposed on the residents within the boundaries of Tillman County from the phone company and disbursements are made to maintain an emergency telephone system.

REAP Grant - accounts for state grant funds received to be used for rural development.

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

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Oklahoma Centennial Grant – accounts for funds received to be used for the Oklahoma Centennial programs.

Emergency Management SLA Program – accounts for federal funds for the purpose of the County’s emergency management program.

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

**C. Basis of Accounting**

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

**D. Budget**

Under current Oklahoma Statutes, 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 by fund, 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.

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

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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

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. After 1 year of service, the employee is entitled to 5 days of vacation. Employees with 2 to 9 years of service are entitled to 10 days of vacation. Those with 10 to 14 years of service are entitled to 15 days vacation. Employees with 15 or more years of service are entitled to 20 days of vacation. No more than 2 vacation days are allowed as carry-over; any additional time shall be forfeited.

Sick leave shall accumulate at the rate of 1 day for each calendar month of service to the County. Sick leave may be accrued up to a maximum of 60 days. Employees are not paid for sick leave upon separation of employment from the County.

**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



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

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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 \$38,570,672.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.46 mills (the legal maximum) for general fund operations, 1.57 mills for county health department, and 2.09 mills for emergency medical service. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Current year tax collections for the year ended June 30, 2008, were approximately 97 percent of the tax levy.

**3. Fuel Tax**

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

**4. Risk Management**

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

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

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

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

Commercial Insurance – The County obtains commercial insurance coverage to pay legitimate workers' compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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**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 \$193,651, \$168,108, and \$151,226, respectively, equal to the required contributions for each year.

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

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

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

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**8. Contingent Liabilities**

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

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

**9. Sales Tax**

The voters of Tillman County approved a 1% sales tax effective August 27, 2002, and will be assessed and collected until repealed by election or other action of law to repeal. The sales tax was established to provide revenue for the support of various entities in the following proportion:

OSU Cooperative Extension	12%
County General	63%
Free Fair	5%
Capital Improvement	20%

**OTHER SUPPLEMENTARY INFORMATION**

**TILLMAN 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	\$ 275,382	\$ 275,382	\$ 275,382	\$ -
Less: Prior Year Outstanding Warrants	(53,737)	(53,737)	(53,717)	20
Beginning Cash Balances, Budgetary Basis	<u>221,645</u>	<u>221,645</u>	<u>221,665</u>	<u>20</u>
Receipts:				
Ad Valorem Taxes	366,772	366,772	402,472	35,700
Sales Tax	236,244	236,244	255,628	19,384
Charges for Services	29,481	29,481	36,970	7,489
Intergovernmental Revenues	164,190	189,328	161,309	(28,019)
Miscellaneous Revenues	79,909	79,909	99,010	19,101
Total Receipts, Budgetary Basis	<u>876,596</u>	<u>901,734</u>	<u>955,389</u>	<u>53,655</u>
Expenditures:				
County Sheriff	<u>387,678</u>	<u>387,678</u>	<u>387,064</u>	<u>614</u>
County Treasurer	<u>65,005</u>	<u>65,005</u>	<u>62,746</u>	<u>2,259</u>
County Clerk	<u>63,331</u>	<u>63,331</u>	<u>62,335</u>	<u>996</u>
Court Clerk	<u>61,330</u>	<u>61,330</u>	<u>61,330</u>	<u>-</u>
County Assessor	<u>74,643</u>	<u>74,643</u>	<u>69,536</u>	<u>5,107</u>
Revaluation of Real Property	<u>77,365</u>	<u>77,365</u>	<u>77,206</u>	<u>159</u>
General Government	<u>159,629</u>	<u>184,523</u>	<u>131,909</u>	<u>52,614</u>
Excise-Equalization Board	<u>3,300</u>	<u>3,300</u>	<u>2,530</u>	<u>770</u>
County Election Board	<u>54,010</u>	<u>54,235</u>	<u>43,197</u>	<u>11,038</u>
Insurance	<u>144,000</u>	<u>144,019</u>	<u>134,850</u>	<u>9 169</u>
Charity	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Audit Budget	<u>7,450</u>	<u>7,450</u>	<u>7,363</u>	<u>87</u>

continued on next page

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

**TILLMAN 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**

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continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Expenditures, Budgetary Basis	<u>1,098,241</u>	<u>1,123,379</u>	<u>1,040,066</u>	<u>83,313</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	136,988	<u>\$ 136,988</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			<u>52,795</u>	
Ending Cash Balance			<u>\$ 189,783</u>	

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

**TILLMAN 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	\$ 75,526	\$ 75,526	\$ 75,526	\$ -
Less: Prior Year Outstanding Warrants	(2,735)	(2,735)	(2,735)	
Beginning Cash Balances, Budgetary Basis	<u>72,791</u>	<u>72,791</u>	<u>72,791</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	55,051	55,051	60,406	5,355
Charges for Services			103,893	103,893
Intergovernmental		114,402	219	(114,183)
Miscellaneous Revenues			10,510	10,510
Total Receipts, Budgetary Basis	<u>55,051</u>	<u>169,453</u>	<u>175,028</u>	<u>5,575</u>
Expenditures:				
Health and Welfare	127,842	242,244	188,754	53,490
Total Expenditures, Budgetary Basis	<u>127,842</u>	<u>242,244</u>	<u>188,754</u>	<u>53,490</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	59,065	<u>\$ 59,065</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			<u>3,009</u>	
Ending Cash Balance			<u>\$ 62,074</u>	

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



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

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**Budgetary Schedule**

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.

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

**TILLMAN COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payment in Lieu of Taxes	15.226		\$ 473
Total U.S. Department of Interior			<u>473</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance	97.036	PA 1678	302,362
Disaster Grants - Public Assistance	97.036	PA 1707	96,153
Disaster Grants - Public Assistance	97.036	PA 1712	89,505
Disaster Grants - Public Assistance	97.036	PA 1723	<u>61,799</u>
Total CFDA #97.036			<u>549,819</u>
Emergency Management Performance Grants	97.042	77033	<u>17,251</u>
Passed Through Oklahoma Office of Homeland Security:			
State Homeland Security Program	97.073	35.069	<u>24,806</u>
Total U.S. Department of Homeland Security			<u>591,876</u>
Total Expenditures of Federal Awards			<u>\$ 592,349</u>

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

**TILLMAN COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Basis of Presentation**

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

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

**INTERNAL CONTROL AND COMPLIANCE SECTION**

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

## **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  
TILLMAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Tillman County, Oklahoma, as of and for the year ended June 30, 2008, which comprises Tillman County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 21, 2009. 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 Tillman 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 the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency 2008-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tillman 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 a certain matter that we reported to the management of Tillman County, which is included in Section 4 of the schedule of findings and questioned costs contained in this report.

Tillman County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tillman County's response and, accordingly, we express no opinion on it.

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



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

December 21, 2009

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

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

TO THE OFFICERS OF  
TILLMAN COUNTY, OKLAHOMA

### Compliance

We have audited the compliance of Tillman County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Tillman County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tillman County's management. Our responsibility is to express an opinion on Tillman County's compliance based on our audit.

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

In our opinion, Tillman County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of Tillman County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tillman County's internal control over compliance with the requirements that could have a direct and material effect on a major federal

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tillman County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency and that we consider to be a material weakness.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency in internal control over compliance described as item 2008-3 in the accompanying schedule of findings and questioned costs to be a material weakness.

Tillman County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tillman County's response and, accordingly, we express no opinion on it.

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



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

December 21, 2009



**TILLMAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?..... No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?..... Yes

Identification of Major Programs

<u>CFDA Number(s)</u> 97.036	<u>Name of Federal Program or Cluster</u> Disaster Grants - Public Assistance
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Dollar threshold used to distinguish between Type A and Type B programs: ..... \$300,000

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

**TILLMAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**SECTION 2 - Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2008-1 – Segregation of Duties**

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of County personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the County Treasurer's office were not properly segregated to assure adequate internal control structure with regard to ad valorem tax and miscellaneous receipts.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: Due to the lack of funding, this office can only staff two people. It is understandable the concern of accountability in a limited staff situation, but at this time the economic status of the County does not allow us any opportunity for change.

**SECTION 3 - Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

**Finding 2008-3 – Federal Awards – Schedule of Expenditures of Federal Awards**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Civil Emergency Management

**FEDERAL AGENCY:** United States Department of Homeland Security

**CFDA NO:** 97.036

**FEDERAL PROGRAM NAME:** Disaster Grants - Public Assistance

**FEDERAL AWARD YEAR:** 2008

**CONTROL CATEGORY:** L: Reporting

**QUESTIONED COSTS:** \$-0-

Criteria: OMB Circular A-133 § 300 Auditee responsibilities states in part:

**TILLMAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition: The County has not designed and implemented formal internal controls for the reporting requirements of its major program, Disaster Grants - Public Assistance, for assistance received for the ice storm and flood disasters that occurred in 2007, as required by OMB Circular A-133. In particular, the County has not designed an accounting system to accumulate and report its "in-kind" labor and equipment charges in a timely manner. Extended substantive testing of disaster related expenditures and visual verification of damage site repairs did not indicate any questioned costs with regard to Activities Allowed or Unallowable or Allowable Costs/Cost Principles.

Effect: Lack of internal controls over Federal major program expenditures could lead to erroneous reporting and/or material misstatement of the County's Schedule of Expenditures of Federal Awards, and increases the potential for material noncompliance.

Recommendation: The County's system of internal control for identifying, recording and reporting federal grant expenditures should include internal controls designed and implemented to insure compliance with applicable provisions of the Financial Reporting requirements described in the OMB A-133 Compliance Supplement.

Views of responsible officials and planned corrective actions: The County Commissioners will implement a system of internal control for FEMA projects as required by OMB Circular A-133.

**SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards* or OMB A-133. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2008-2 – Segregation of Duties – Official Depository Accounts**

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

**TILLMAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Condition: Based on inquiries of County personnel and testwork performed on the County's fiduciary funds, which are not reported on the County's basic financial statement, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the office of the County Treasurer, County Clerk, County Assessor, and County Sheriff were not properly segregated to assure adequate internal control structure pertaining to the issuance of official depository receipts.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: The limited funding for each office allows each officer only one deputy to perform accounting functions. Each officer is aware of the limitations and will oversee operations.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
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