

**GARFIELD COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

February 13, 2006

TO THE CITIZENS OF  
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield County, Oklahoma, for the fiscal year ended June 30, 2005. 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 dark ink, reading "Jeff A. McMahon", written in a cursive style.

JEFF A. McMAHAN  
State Auditor and Inspector

REPORT TO THE CITIZENS  
OF  
GARFIELD COUNTY, OKLAHOMA

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

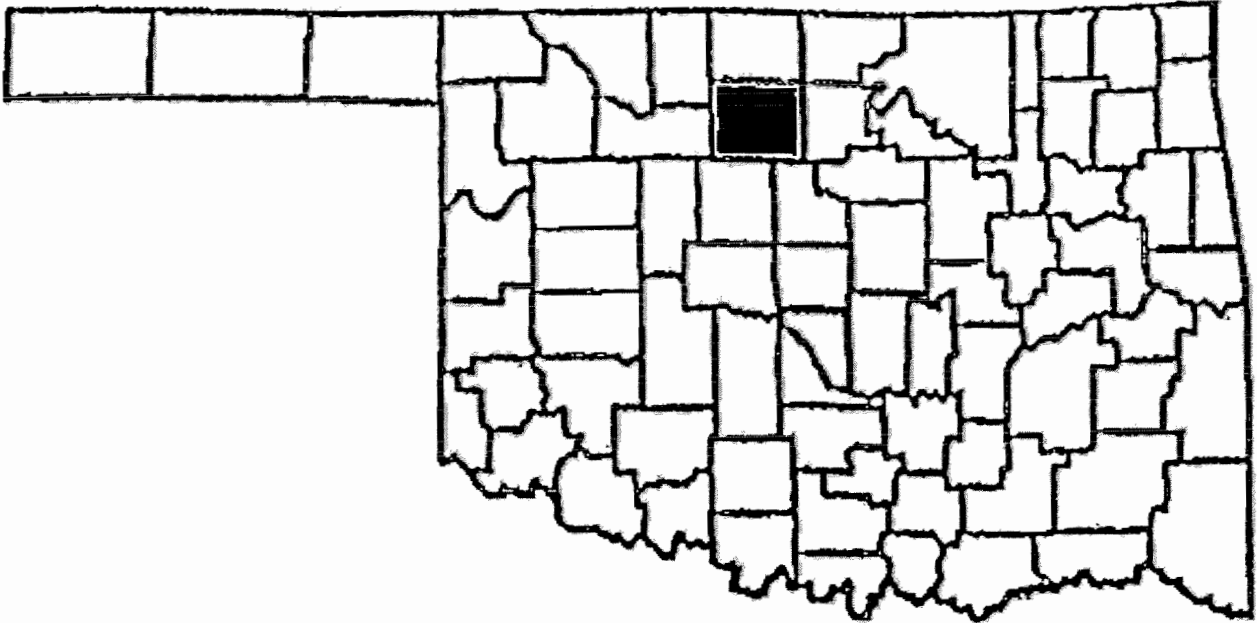
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REPORT TO THE CITIZENS  
OF  
GARFIELD COUNTY, OKLAHOMA

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Garfield County was originally a part of the Cherokee Outlet opened for settlement during the Land Run of September 16, 1893. Garfield County, Oklahoma Territory, was named for President James A. Garfield.

Enid, the county seat, has two major employers – Vance Air Force Base and Northrop-Grumman Technical Services, Inc. Local businesses manufacture such products as anhydrous ammonia, petroleum coke, drilling rigs, steel fabricators, dairy goods and processed meats. Although oil has provided a great deal of revenue, Garfield County is best known for its wheat production.

County Seat – Enid

Area – 1059.94 Square Miles

County Population – 57,282  
(2004 est.)

Farms – 1,083

Land in Farms – 613,939 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**GARFIELD COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**COUNTY ASSESSOR**

Wade Patterson  
(R) Enid

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**

Kathy Hughes  
(R) Breckinridge

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.

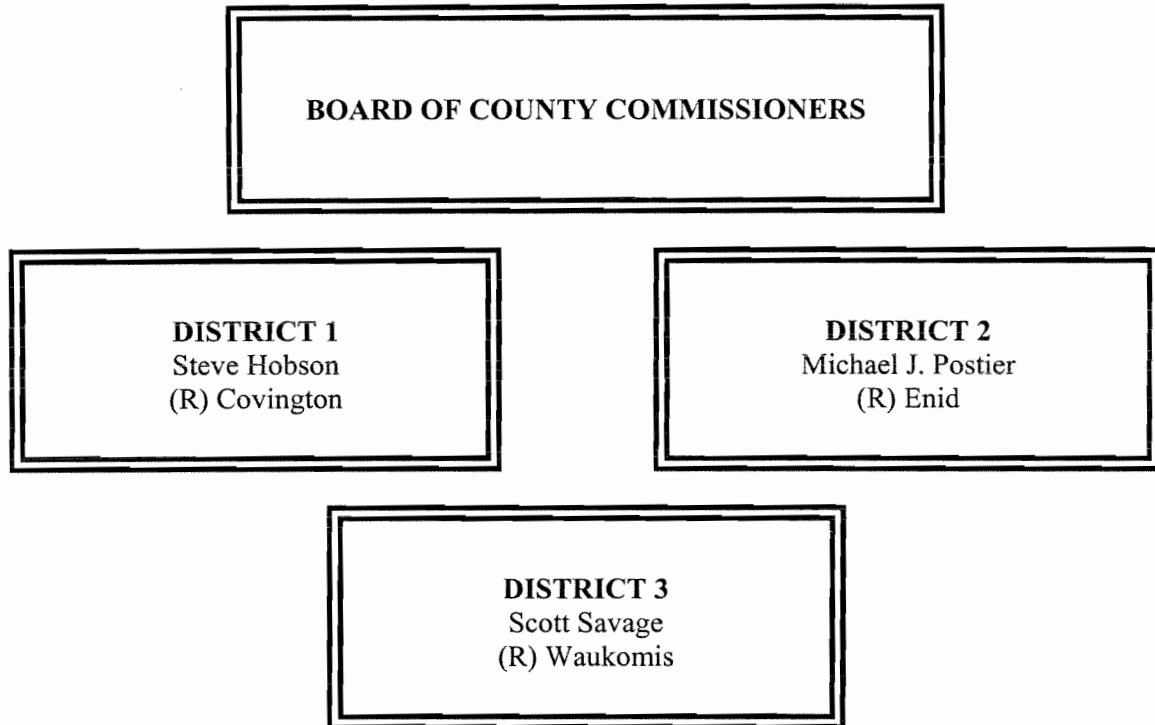
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**GARFIELD COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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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.

**GARFIELD COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**COUNTY SHERIFF**

Bill Winchester  
(R) Enid

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**

Kevin Postier  
(R) Breckinridge

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.



**GARFIELD COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**COURT CLERK**  
Sharon Melrose  
(R) Enid

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**  
Cathy Stocker  
(R) Enid

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.

**GARFIELD COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**ELECTION BOARD SECRETARY**

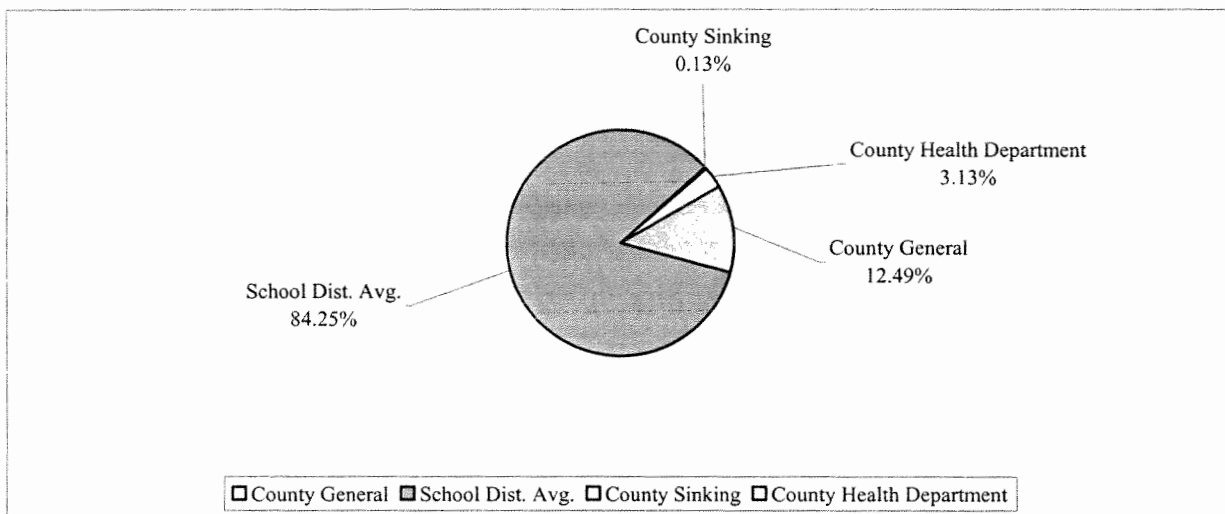
Wenona R. Marshall  
(D) Enid

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.

**GARFIELD COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
Co. General	10.54								
County Health	2.64	Waukomis	SD1	37.66	5.38	3.92	15.70	4.22	66.88
County Sinking	0.11	Kremlin-Hillsdale	SD18	37.91	5.42	8.43	15.70	4.22	71.68
		Chisholm	SD42	37.07	5.30	5.99	15.70	4.22	68.28
		Garber	SD47	36.70	5.24	12.45	15.70	4.22	74.31
		Pioneer-Pleasant Vale	SD56	36.06	5.15	3.09	15.70	4.22	64.22
		Enid	SD57	36.86	5.27	17.37	15.70	4.22	79.42
		Drummond	SD85	37.27	5.32	8.7	15.70	4.22	71.21
		Covington-Douglas	SD94	37.03	5.29	10.5	15.70	4.22	72.74

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)**

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Total net assessed value as of January 1, 2004		<u>\$ 303,367,374</u>
Debt limit - 5% of total assessed value		15,168,369
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>552</u>	<u>-</u>
Legal debt margin		<u>\$ 15,168,369</u>

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**  
**(UNAUDITED)**

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	<u>2004</u>
Estimated population	<u>57,282</u>
Net assessed value as of January 1, 2004	<u>\$ 303,367,374</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>552</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**GARFIELD COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(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>
1/1/2004	\$61,694,934	\$40,158,583	\$215,547,126	\$14,033,269	\$303,367,374	\$2,199,159,138

See independent auditor's report.

## **FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
GARFIELD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Garfield County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 1, this financial statement was prepared using accounting practices prescribed 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.

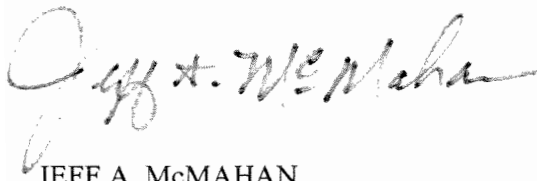
In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Garfield County as of June 30, 2005, or 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 Garfield County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.



In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2005, on our consideration of Garfield 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 dark ink, appearing to read "Jeff A. McMahon". The signature is fluid and cursive, with the first name "Jeff" being more prominent.

JEFF A. McMAHAN  
State Auditor and Inspector

November 28, 2005

## **Basic Financial Statement**

**GARFIELD COUNTY, OKLAHOMA  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
(WITH COMBINING INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

All County Funds	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2005
County General Fund	\$ 829,859	\$ 4,345,394	\$ 4,482,577	\$ 692,676
County Highway Fund	1,691,926	3,942,778	4,309,618	1,325,086
County Health Department	768,498	874,486	733,126	909,858
Resale Property	147,790	142,423	100,324	189,889
Sheriff Service Fee	60,010	283,537	285,813	57,734
Sheriff Training	1,241		555	686
Sheriff County Prisoner	46,536	159,587	169,775	36,348
Sheriff Reserve	16			16
Sheriff Drug	6,445	21,783	25,388	2,840
Sheriff Juvenile Justice Grant	1,754	5,510	7,228	36
Sheriff DARE	1,587	400	1,626	361
Sheriff Confidential Purchase	500			500
Sheriff Estray Cattle		4,256	386	3,870
County Clerk Lien Fee	11,470	12,528	18,033	5,965
County Clerk Records Preservation Fee	33,033	69,220	92,995	9,258
Treasurer Mortgage Tax Certification Fee	7,901	14,855	15,018	7,738
County Assessor Visual Inspection	73,445	831	11,612	62,664
County Assessor Fee	11,960	20,006	15,225	16,741
Special Insurance	4,343	683,190	344	687,189
Rural Fire Sales Tax	1,359,753	117,386	137,067	1,340,072
Jail Sales Tax	591,387	1,567,000	962,957	1,195,430
County Use Tax	29,159	117,386	137,067	9,478
CDBG Funds		246,750	246,750	
County Sinking	39,705	33,678	72,831	552
Garfield County Economic Development Authority	6,395	3,187		9,582
Safe Room Program	1,080			1,080
Local Emergency Planning	4,082	4,826	2,254	6,654
Garfield County Emergency Management Program	1,273		946	327
County Building	5,335			5,335
County Insurance	2,150,277	97,079	22,951	2,224,405
<b>Combined Total--All County Funds</b>	<b>\$ 7,886,760</b>	<b>\$ 12,768,076</b>	<b>\$ 11,852,466</b>	<b>\$ 8,802,370</b>

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

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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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 Garfield 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.

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

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

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

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

Sheriff Training - accounts for the proceeds from sheriff auctions and/or donations used for training purposes.

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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Sheriff County Prisoner - accounts for the Department of Corrections and Commissary sales receipts and doctor visits for prisoners.

Sheriff Reserve - accounts for the receipt of donations and general expenditures of the Sheriff's office.

Sheriff Drug - accounts for the collection and disbursement of forfeited property from drug cases.

Sheriff Juvenile Justice Grant - accounts for the receipt of federal grants for the use of juvenile detention.

Sheriff DARE - accounts for the donation and disbursements for the DARE program.

Sheriff Confidential Purchase - accounts for the undercover drug purchases and the reimbursement of those funds.

Sheriff Estray Cattle - accounts for the collection of selling found and unclaimed cattle. Disbursements are made for the general operation of the Sheriff's office.

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 Registrar of Deeds as restricted by statute for preservation of records.

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

County Assessor Fee - accounts for the collection of fees for copies restricted by state statute.

Special Insurance - established to administer the County's self-insurance and accounts for insurance receipts and disbursements.

Rural Fire Sales Tax - accounts for the sales tax received for the use of the Breckenridge, Covington, Douglas, Drummond, Fairmont, Garber, Hillsdale, Hunter, Kremlin, Lahoma, and Waukomis Rural Fire Departments.

Jail Sales Tax - accounts for the sales tax received for erecting, furnishing, equipping, operating, and maintaining a new county jail.

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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County Use Tax - accounts for the receipts of Oklahoma Tax Commission collections of county use tax, to be spent as directed by the Board of County Commissioners.

CDBG Funds - accounts for the federal grant used for community improvement.

County Sinking - accounts for the money collected from tax levy to expend on county lawsuits.

Garfield County Economic Development Authority - accounts for the funds received for the Garfield County Economic Development Authority and remitted to the Authority.

Safe Room Program - accounts for the funds received for the safe room rebate program funded through the Oklahoma Department of Civil Emergency Management.

Local Emergency Planning - accounts for grant money for hazardous material. The Enid Fire Department also collects a \$20.00 fee from various companies for reimbursement of the expense for classes for the Fire Department, etc.

Garfield County Emergency Management Program - accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

County Building - accounts for the funds remaining from county building projects.

County Insurance - accounts for the interest earned on designated investments for county insurance and disbursements made for workers compensation and property insurance premiums.

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.

**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.

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**D. Budget**

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved 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.

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.

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**G. Compensated Absences**

Vacation benefits are earned by the employee during the year based on the length of service and may accumulate up to a maximum of 30 days. Employees earn 1 day of sick leave per month employed. Employees may accumulate up to 60 days of sick leave but will not collect pay for the accrued sick leave.

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2004, was approximately \$303,367,374.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.54 mills for general fund operations, 2.64 mills for county health department, and .11 mill for county sinking. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2005, were approximately 98.38 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



**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

**4. Risk Management**

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

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

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 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.

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

**5. Long-term Obligations**

**Capital Leases**

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

**Promissory Notes**

The County acquires road machinery and equipment through promissory notes financed by a local bank, Security National Bank of Enid, Oklahoma.

These promissory notes have a maturity of forty-eight months and the amounts currently outstanding are as follows:

<u>Equipment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding at June 30, 2005</u>
Hypac Roller	3/28/2009	4.75%	\$ 57,741
3 International Trucks	2/14/2009	4.5%	45,832
Construction Trailer	2/14/2009	4.5%	18,896
2 Sterling Trucks	9/26/2010	4.375%	131,213
Total			<u>\$253,682</u>

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**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 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the plan for the years ending June 30, 2005, 2004, and 2003 were \$391,592, \$378,350, and \$367,269, respectively, equal to the required contributions for each year.

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

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

**8. Contingent Liabilities**

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

## **OTHER SUPPLEMENTARY INFORMATION**

**GARFIELD 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, 2005**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 829,859	\$ 829,859	\$ 829,859	\$ -
Less: Prior Year Outstanding Warrants	(24,276)	(24,276)	(24,276)	
Less: Prior Year Encumbrances	(250,366)	(250,366)	(231,550)	18,816
Beginning Cash Balances, Budgetary Basis	555,217	555,217	574,033	18,816
Receipts:				
Ad Valorem Taxes	2,906,811	2,906,811	3,254,604	347,793
Charges for Services	252,123	263,885	267,807	3,922
Intergovernmental Revenues	393,787	393,787	445,931	52,144
Miscellaneous Revenues	340,841	340,841	377,052	36,211
Total Receipts, Budgetary Basis	3,893,562	3,905,324	4,345,394	440,070
Expenditures:				
District Attorney	27,662	20,887	16,781	4 106
Capital Outlay	2,000	4,550	4,459	91
Total District Attorney	27,662	20,887	16,781	4,197
County Sheriff	982,637	982,637	971,179	11,458
Capital Outlay	100	100		100
Total County Sheriff	982,637	982,637	971,179	11,558
County Treasurer	168,643	168,643	168,025	618
Total County Treasurer	168,643	168,643	168,025	618
County Commissioners	84,600	82,614	71,953	10,661
Capital Outlay	100	2,986	2,674	312
Total County Commissioners	84,700	85,600	74,627	10,973
OSU Extension	93,430	89,694	89,675	19
Capital Outlay	500	4,236	4,156	80
Total OSU Extension	93,930	93,930	93,831	99
County Clerk	197,281	197,281	196,603	678
Capital Outlay	1	1		1
Total County Clerk	197,281	197,281	196,603	679

continued on next page

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

**GARFIELD 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, 2005**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Court Clerk	270,061	270,262	269,863	399
Capital Outlay	1			
Total Court Clerk	270,061	270,262	269,863	399
County Assessor	242,970	248,221	244,090	4,131
Capital Outlay	6,500	1,249	1,249	
Total County Assessor	242,970	248,221	244,090	4,131
Revaluation of Real Property	210,080	210,080	182,332	27,748
Capital Outlay	9,100	9,100	2,367	6,733
Total Revaluation of Real Property	210,080	210,080	182,332	34,481
Juvenile Shelter Bureau	85,200	86,600	84,617	1,983
Capital Outlay	2,000	600	540	60
Total Juvenile Shelter Bureau	85,200	86,600	84,617	2,043
District Court	1	1		1
Capital Outlay	3,250	3,550	3,550	
Total District Court	3,251	3,551	3,550	1
General Government	661,729	685,454	660,566	24,888
Capital Outlay	25,000	25,000	8,180	16,820
Total General Government	686,729	710,454	668,746	41,708
Excise-Equalization Board	8,700	8,700	8,550	150
Total Excise-Equalization Board	8,700	8,700	8,550	150
County Election Board	93,680	108,833	108,812	21
Capital Outlay	3,811	420	420	
Total County Election Board	97,491	109,253	109,232	21
Insurance	1,025,818	1,005,818	956,470	49,348
Total Insurance	1,025,818	1,005,818	956,470	49,348
Data Processing	16,322	13,322	13,297	25
Capital Outlay	1	3,001	2,757	244
Total Data Processing	16,323	16,323	16,054	269

continued on next page

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

**GARFIELD 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, 2005**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Charity				
Capital Outlay	1,300	1,300		1,300
Total Charity	1,300	1,300	-	1,300
Recording Account	19,440	19,440	19,440	
Total Recording Account	19,440	19,440	19,440	-
Civil Defense	5,733	5,733	5,509	224
Capital Outlay	6,600	6,600	6,508	92
Total Civil Defense	5,733	5,733	5,509	316
Planning Commission	1	1		1
Total Planning Commission	1	1	-	1
Courthouse Security	19,440	19,440	19,440	
Total Courthouse Security	19,440	19,440	19,440	-
Juvenile Detention	45,000	45,000	36,641	8,359
Total Juvenile Detention	45,000	45,000	36,641	8,359
County Audit Budget	33,337	33,337	30,126	3,211
Total County Audit Budget	33,337	33,337	30,126	3,211
Free Fair Budget	40,000	40,000	40,000	
Total Free Fair Budget	40,000	40,000	40,000	-
Library Budget	24,250	24,250	24,244	6
Total Library Budget	24,250	24,250	24,244	6
Postage Meter	31,600	31,600	29,566	2,034
Total Postage Meter	31,600	31,600	29,566	2,034

continued on next page

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

**GARFIELD 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, 2005**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Total Expenditures, Budgetary Basis	4,448,779	4,460,541	4,284,639	175,902
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	634,788	\$ 634,788
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			52,180	
Add: Current Year Outstanding Warrants			5,708	
Ending Cash Balance			<u>\$ 692,676</u>	

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



**GARFIELD 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, 2005**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 768,498	\$ 768,498	\$ 768,498	\$ -
Less: Prior Year Outstanding Warrants	(31,575)	(31,575)	(31,575)	
Less: Prior Year Encumbrances	(62,013)	(62,013)	(47,929)	14,084
Beginning Cash Balances, Budgetary Basis	674,910	674,910	688,994	14,084
Receipts:				
Ad Valorem Taxes	728,082	728,082	814,651	86,569
Charges for Services		53,242	53,310	68
Intergovernmental Revenues			770	770
Miscellaneous Revenues			5,755	5,755
Total Receipts, Budgetary Basis	728,082	781,324	874,486	93,162
Expenditures:				
Health and Welfare	1,130,000	1,183,242	882,056	301,186
Capital Outlay	272,992	272,992	28,060	244,932
Total Expenditures, Budgetary Basis	1,402,992	1,456,234	910,116	546,118
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	653,364	\$ 653,364
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			256,000	
Add: Current Year Outstanding Warrants			494	
Ending Cash Balance			\$ 909,858	

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

**GARFIELD COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES—SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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Beginning Cash Balance	<u>\$ 39,705</u>
Receipts:	<u>33,678</u>
Total Receipts	<u>33,678</u>
Disbursements:	
Judgment Paid	<u>72,831</u>
Total Disbursements	<u>72,831</u>
Ending Cash Balance	<u><u>\$ 552</u></u>

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

**GARFIELD COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**1. Budgetary Schedules**

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

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

**2. Sinking Fund Schedule**

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

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**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  
GARFIELD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Garfield County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Garfield County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 28, 2005. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

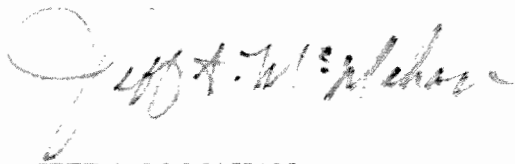
In planning and performing our audit, we considered Garfield County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Garfield County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings as items 2005-1, 2005-3 and 2005-5.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-3 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garfield 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*. However, we noted certain matters that we reported to the management of Garfield County, which are included in Section 2 of the schedule of findings contained in this report.

This report is intended solely for the information and use of the management of Garfield 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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in dark ink, appearing to read "Jeff A. McMAHAN", is written over a faint, circular embossed seal. The signature is fluid and cursive.

JEFF A. McMAHAN  
State Auditor and Inspector

November 28, 2005

**GARFIELD COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**Finding 2005-1—Records and Receipting (County Treasurer)**

Criteria: Effective internal controls include source documentation maintained in sequential numerical order for effective monitoring and expedient access. Additionally, gaps in numerical sequences should be monitored and documented in a timely manner, so as to provide effective internal control over funds received.

Condition: The audit of gaps in the numerical order of ad valorem taxes, revealed that receipts were kept by workstation instead of in sequential order. Additionally, we noted eight instances where missing receipt numbers were not investigated by the Treasurer's office to determine propriety.

Based on testing results, it appears that the ad valorem tax system requires daily review in order to be relied upon for accurate tax receipt information.

Recommendation: We recommend the Treasurer implement policies and procedures to conduct a review of ad valorem tax receipts to ensure missing receipts are investigated, and that the correct receipt is voided and placed in the receipt book. We further recommend the receipts be placed in sequential order to further aid in the investigation of missing receipts, to provide and ensure effective internal controls are in place with regard to the collection of ad valorem taxes.

Views of responsible officials and planned corrective actions: Management chose not to respond.

**Finding 2005-3—Segregation of Duties (County Sheriff – County Assessor)**

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

Condition: The limited number of office personnel within the County Sheriff's office and the County Assessor's office prevents a proper segregation of accounting functions, which is necessary to assure an adequate internal control structure.

Cause: This lack of segregation of duties is caused by the limited number of employees.

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

**GARFIELD COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of those operations.

Views of responsible officials and planned corrective actions: We concur with the auditor's comments and will conduct periodic reviews of office operations.

**Finding 2005-5—Receipts (County Sheriff – County Assessor)**

Criteria: Effective internal controls include receipts marked as cash, check, or money order to indicate what type of payment was received and provide adequate controls over funds collected.

Condition: While testing the official depository accounts, it was noted that the County Sheriff and County Assessor receipts did not indicate the type of payment received.

Recommendation: We recommend all receipts issued be marked cash, check, or money order to indicate what type of payment was received, to provide effective internal controls over County funds.

Views of responsible officials and planned corrective actions: Management chose not to respond.

**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 2005-2—Promissory Note (Board of County Commissioners)**

Criteria: The Constitution of Oklahoma § 26 states that "Except as herein otherwise provided, no county, city, town, township, school district, or other political corporation, or subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof."

Condition: The County entered into promissory notes in violation of State Statutes, for the lease-purchase of several pieces of highway equipment.

Recommendation: We recommend that Garfield County not incur debt for more than one year at a time unless they have the assent of three-fifths of the voters of the County as provided by §26 of the Constitution of Oklahoma. We further recommend that lease-purchase agreements be implemented to replace promissory notes with the local banks.



**GARFIELD COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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Views of responsible officials and planned corrective actions: Management chose not to respond.

**Finding 2005-4—Cash Bond Receipts (County Sheriff)**

Criteria: In accordance with 28 O.S. 2001, § 9, each collection should be supported by a pre-numbered duplicate receipt.

Condition: For the fiscal year ending June 30, 2005, \$46,784.23 was deposited by the Sheriff as bonds. Of that total, \$39,402.65 was not receipted on 35 cash bonds. However, we were able to verify that each bond not receipted was identified to a Court Clerk case and a corresponding voucher was written for disbursement to that case.

Recommendation: We recommend receipts be issued for all “cash” bonds received in accordance with 28 O.S. 2001, § 9.

Views of responsible officials and planned corrective actions: Management chose not to respond.