

CHOCTAW COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**CHOCTAW COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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June 3, 2009

TO THE CITIZENS OF
CHOCTAW COUNTY, OKLAHOMA

Transmitted herewith is the audit of Choctaw County, Oklahoma, for the fiscal year ended June 30, 2007. 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". The signature is written in a cursive style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**CHOCTAW COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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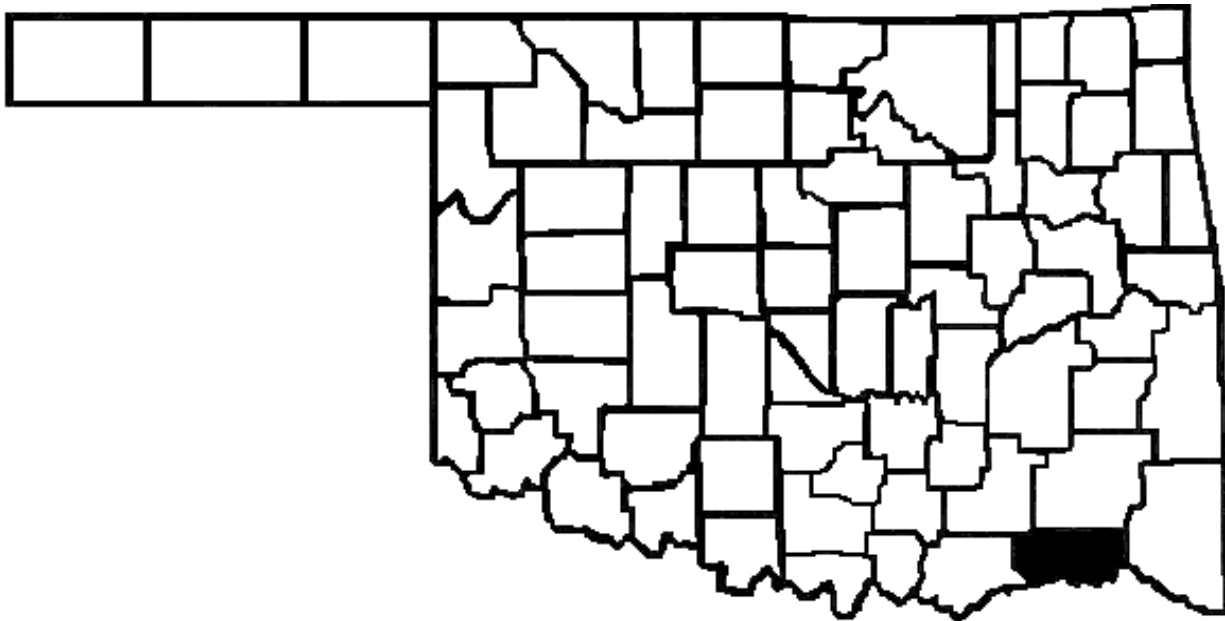
**CHOCTAW COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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



Choctaw County was created at the time of statehood and named for the Choctaw Nation of Indians whose tribal name is Chahta.

Early industry in the area was limited to patch farming, but agriculture became more established with the advent of the railroad and resulting increase of immigrants to the area.

Hugo, the county seat, is the winter quarters for the Carson and Barnes Circus, the largest truck-drawn circus under the big top in the United States. A campus of the Kiamichi Technology Center, and the Western Farmers Electric Cooperative are also located in Hugo.

The PRCA Professional Rodeo and Grant's Bluegrass Festival are held annually in June and August, respectively. Hugo Lake and Lake Raymond Gary State Park provide additional recreational outlets for the county.

Additional county information can be obtained from the Choctaw County Historical Society. *Smoke Signals* is a history book about the county. For more information, call the county clerk's office at (580) 326-3778.

County Seat – Hugo

Area – 800.68 Square Miles

County Population – 15,297
(2005 est.)

Farms – 1,095

Land in Farms – 337,443 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**CHOCTAW COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY ASSESSOR
Becky Harris

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
Emily VanWorth

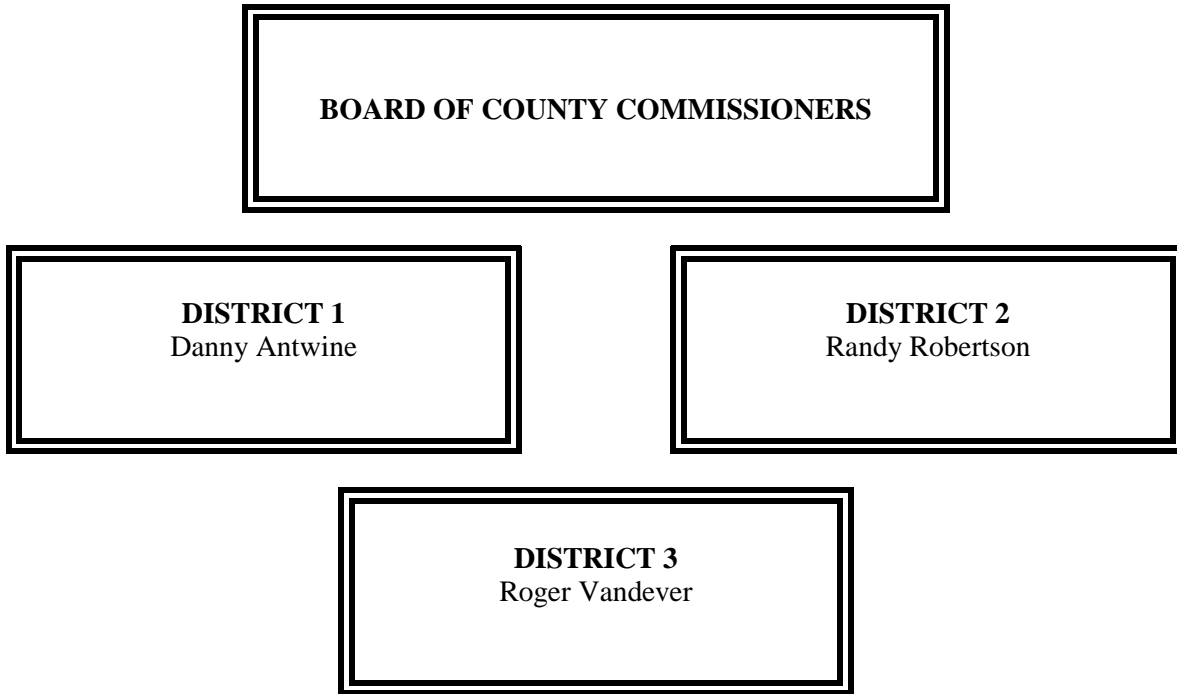
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**CHOCTAW COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



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.

**CHOCTAW COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY SHERIFF
Lewis Collins

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
Arlene Minchey

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.

**CHOCTAW COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COURT CLERK
Jimmy L. Walker

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
Laura Ross Wallis

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.

**CHOCTAW COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

ELECTION BOARD SECRETARY
Darlene Rickman

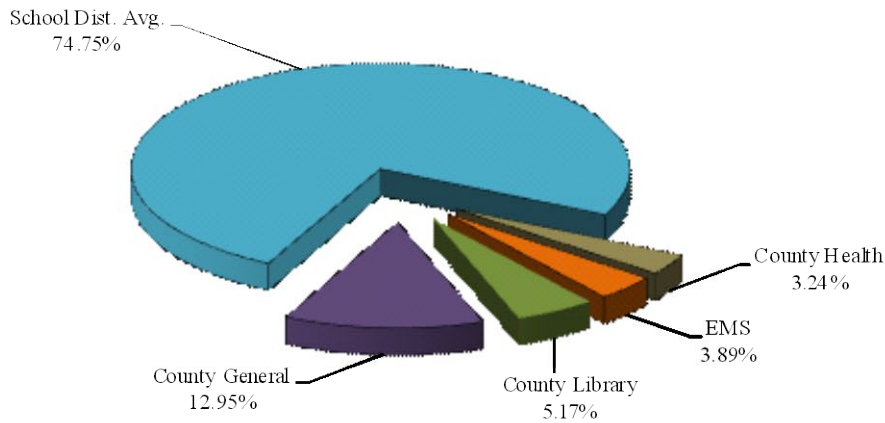
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**CHOCTAW COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Career Tech	Career Tech Bldg.	Common	Total
County General	10.00			35.00	5.00		10.00	2.00	4.00	56.00
County Health	2.50	Boswell	I-1	35.00	5.00		10.00	2.00	4.00	56.00
EMS	3.00	Ft. Towson	I-21	35.00	5.00		10.00	2.00	4.00	56.00
County Library	4.00	Grant	I-3	35.00	5.00		10.00	2.00	4.00	56.00
		Soper	I-4	35.00	5.00		10.00	2.00	4.00	56.00
		Hugo	I-39	35.00	5.00		10.00	2.00	4.00	56.00
		Goodland	D-13	35.00	5.00		10.00	2.00	4.00	56.00
		Swink	D-21	35.00	5.00		10.00	2.00	4.00	56.00
		Rattan	I-1	35.00	5.00	15.45	10.00	2.00	4.00	71.45
		Valliant	I-1	35.00	5.00	0.02	10.00	2.00	4.00	56.02

See independent auditor's report.

**CHOCTAW COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Total net assessed value as of January 1, 2006		<u>\$ 46,757,234</u>
Debt limit - 5% of total assessed value		2,337,862
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u><u>\$ 2,337,862</u></u>

See independent auditor's report.

**CHOCTAW COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

	2007
Estimated population	15,297
Net assessed value as of January 1, 2006	\$ 46,757,234
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.

**CHOCTAW COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$6,847,116	\$10,420,428	\$33,404,085	\$3,914,395	\$46,757,234	\$413,285,591

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

Independent Auditor's Report

TO THE OFFICERS OF
CHOCTAW COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Choctaw County, Oklahoma, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Choctaw County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Choctaw County as of June 30, 2007, 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 Choctaw County, for the year ended June 30, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2009, on our consideration of Choctaw 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.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

February 24, 2009

Basic Financial Statement

**CHOCTAW COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
General Fund	\$ 956,463	\$ 1,927,431	\$ 2,063,374	\$ 820,520
County Highway	553,128	1,712,639	1,656,108	609,659
T-2 Highway	275,867	148,745	209,456	215,156
Resale Property	45,688	84,125	72,097	57,716
County Health	53,727	206,290	195,084	64,933
Sheriff Service Fee	140,830	70,178	41,419	169,589
Sheriff's Lake Patrol	16,228	47,597	52,026	11,799
County Clerk's Lien Fee	3,410	3,949	715	6,644
Treasurer's Mortgage Certification Fee	7,314	3,775	3,822	7,267
Assessor Fees	19,010	5,534	1,180	23,364
Sheriff Drug Enforcement	31,351	108,185	500	139,036
REAP	50,769	129,082	179,851	
Department of Corrections Boarding	985,877	692,201	294,439	1,383,639
E-911	415,327	82,299	33,139	464,487
Sheriff's Commissary	84,951	55,000	34,281	105,670
County Clerk's Preservation Fund	31,208	17,579	8,381	40,406
CDBG-GP	3,120	30,268	33,388	
Emergency Management	400			400
CDBG-EC	97,445	9,520		106,965
Insurance Recovery		1,389	1,389	
Combined Total -- All County Funds	\$ 3,772,113	\$ 5,335,786	\$ 4,880,649	\$ 4,227,250

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

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 Choctaw 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:

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

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

T-2 Highway – accounts for state, local, and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

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

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

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Sheriff's Lake Patrol – accounts for contract services with the Corps of Engineers for patrolling lake areas.

County Clerk's Lien Fee – accounts for lien collections and disbursements of sheriff process service fees as restricted by statutes.

Treasurer's Mortgage Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statutes.

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

Sheriff Drug Enforcement – accounts for monies collected from the disposition of property seized during drug abuse cases.

REAP – accounts for state grant funds received for various projects.

Department of Corrections Boarding – accounts for the monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

E-911 – accounts for monies received from private telephone companies for the operation of emergency 911 services.

Sheriff's Commissary – accounts for the collection of fees transferred from the inmate trust money for commissary items and disbursement of funds are restricted by state statute.

County Clerk's Preservation Fund – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

CDBG-GP – accounts for the federal funds passed through the Oklahoma Department of Commerce to be used for the construction of a new county barn.

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

CDBG-EC – accounts for payments from incubator companies on a revolving loan fund established with federal funds from the Department of Commerce for the economic development of Choctaw County.

Insurance Recovery – accounts for monies received for damages received from insurance companies.

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

C. Basis of Accounting

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

D. Budget

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

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

E. Cash

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

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

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Vacation benefits are earned by the employee during the year and may accumulate from 10 to 30 days depending on the number of years of service. Vacation leave is accrued monthly. Vacation leave is not paid upon termination.

Sick leave benefits are accrued at the rate of 4 to 20 hours per month and employees may accumulate up to 30 days. Sick leave is not paid upon termination.

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, 2006, was approximately \$46,757,234.

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for county health department, 4.00 mills for county library, and 3.00 mills for emergency medical service. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 91.08 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:

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

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Types of Loss	Method of Management	Risk of Loss Retained
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

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

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

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

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into 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.

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$185,898, \$167,024, and \$139,706, 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.

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

9. Sales Tax

The voters of Choctaw County approved a 1% sales tax effective June 1, 2005. This sales tax will expire June 1, 2010. The sales tax was established to provide revenue for the County Ambulance (18%), County Road Improvement (36%), County Law Enforcement (15%), County General (18%), County Economic Development (8%), County Extension Service (4%), and County Libraries (1%).

OTHER SUPPLEMENTARY INFORMATION

CHOCTAW 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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 947,944	\$ 947,944	\$ 956,463	\$ 8,519
Less: Prior Year Outstanding Warrants	(92,037)	(92,037)	(92,334)	297
Less: Prior Year Encumbrances	(90,640)	(90,640)	(59,518)	(31,122)
Beginning Cash Balances, Budgetary Basis	<u>765,267</u>	<u>765,267</u>	<u>804,611</u>	<u>39,344</u>
Receipts:				
Ad Valorem Taxes	425,065	425,065	424,479	(586)
Sales Tax	896,000	896,000	1,037,366	141,366
Charges for Services	52,070	52,070	64,332	12,262
Intergovernmental Revenues	270,309	270,309	359,712	89,403
Miscellaneous Revenues	13,350	26,570	41,542	14,972
Total Receipts, Budgetary Basis	<u>1,656,794</u>	<u>1,670,014</u>	<u>1,927,431</u>	<u>257,417</u>
Expenditures:				
District Attorney	12,000	17,000	17,000	
Total District Attorney	<u>12,000</u>	<u>17,000</u>	<u>17,000</u>	<u>-</u>
County Sheriff	106,775	107,026	106,987	39
Total County Sheriff	<u>106,775</u>	<u>107,026</u>	<u>106,987</u>	<u>39</u>
County Treasurer	75,800	75,800	75,769	31
Total County Treasurer	<u>75,800</u>	<u>75,800</u>	<u>75,769</u>	<u>31</u>
OSU Extension	8,498	6,611	6,601	10
Capital Outlay	2,000	3,887	3,887	
Total OSU Extension	<u>10,498</u>	<u>10,498</u>	<u>10,488</u>	<u>10</u>
County Clerk	87,330	92,330	92,321	9
Total County Clerk	<u>87,330</u>	<u>92,330</u>	<u>92,321</u>	<u>9</u>
Court Clerk	65,800	65,800	63,419	2,381
Total Court Clerk	<u>65,800</u>	<u>65,800</u>	<u>63,419</u>	<u>2,381</u>
County Assessor	49,830	49,830	49,776	54
Total County Assessor	<u>49,830</u>	<u>49,830</u>	<u>49,776</u>	<u>54</u>
Civil Defense	12,240	21,480	20,878	602
Total Civil Defense	<u>12,240</u>	<u>21,480</u>	<u>20,878</u>	<u>602</u>
Xerox	3,600	3,669	3,669	
Total Xerox	<u>3,600</u>	<u>3,669</u>	<u>3,669</u>	<u>-</u>
Revaluation of Real Property	178,300	178,300	175,882	2,418
Capital Outlay	5,000	5,000	4,145	855
Total Revaluation of Real Property	<u>183,300</u>	<u>183,300</u>	<u>180,027</u>	<u>3,273</u>

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

CHOCTAW 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, 2007

	Original Budget	Final Budget	Actual	Variance
General Government	329,579	315,019	226,214	88,805
Capital Outlay	19,511	19,511		19,511
Total General Government	<u>349,090</u>	<u>334,530</u>	<u>226,214</u>	<u>108,316</u>
Excise-Equalization Board	5,250	5,250	5,249	1
Total Excise-Equalization Board	<u>5,250</u>	<u>5,250</u>	<u>5,249</u>	<u>1</u>
County Election Board	57,486	65,707	64,013	1,694
Total County Election Board	<u>57,486</u>	<u>65,707</u>	<u>64,013</u>	<u>1,694</u>
Sales Tax - 8% County Development	125,827	125,827	80,508	45,319
Total Sales Tax - 8% County Development	<u>125,827</u>	<u>125,827</u>	<u>80,508</u>	<u>45,319</u>
Sales Tax - 15% Law	304,640	304,640	304,495	145
Total Sales Tax - 15% Law	<u>304,640</u>	<u>304,640</u>	<u>304,495</u>	<u>145</u>
Sales Tax - 18% Ambulance	186,647	186,647	186,647	
Total Sales Tax - 18% Ambulance	<u>186,647</u>	<u>186,647</u>	<u>186,647</u>	<u>-</u>
Sales Tax - 36% Roads	434,786	434,786	420,905	13,881
Total Sales Tax - 36% Roads	<u>434,786</u>	<u>434,786</u>	<u>420,905</u>	<u>13,881</u>
Sales Tax - 1% Libraries	10,379	10,379	10,353	26
Total Sales Tax - 1% Libraries	<u>10,379</u>	<u>10,379</u>	<u>10,353</u>	<u>26</u>
Sales Tax - 18% General Government	286,704	286,704	159,140	127,564
Total Sales Tax - 18% General Government	<u>286,704</u>	<u>286,704</u>	<u>159,140</u>	<u>127,564</u>
Sales Tax - 4% Extension Service	41,002	40,821	40,815	6
Capital Outlay	500	680	680	
Total Sales Tax - 4% Extension Service	<u>41,502</u>	<u>41,501</u>	<u>41,495</u>	<u>6</u>
County Audit Budget Account	5,077	5,077	5,077	
Total County Audit Budget Account	<u>5,077</u>	<u>5,077</u>	<u>5,077</u>	<u>-</u>
Free Fair Budget	7,500	7,500	7,140	360
Total Free Fair Budget	<u>7,500</u>	<u>7,500</u>	<u>7,140</u>	<u>360</u>
Total Expenditures, Budgetary Basis	<u>2,422,061</u>	<u>2,435,281</u>	<u>2,131,570</u>	<u>303,711</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	600,472	<u>\$ 600,472</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			121,566	
Add: Current Year Outstanding Warrants			98,482	
Ending Cash Balance			<u>\$ 820,520</u>	

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

CHOCTAW 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, 2007

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 53,727	\$ 53,727	\$ 53,727	\$ -
Less: Prior Year Outstanding Warrants	(13,780)	(13,780)	(13,780)	
Less: Prior Year Encumbrances	(975)	(975)	(830)	145
Beginning Cash Balances, Budgetary Basis	<u>38,972</u>	<u>38,972</u>	<u>39,117</u>	<u>145</u>
Receipts:				
Ad Valorem Taxes	106,266	106,266	106,120	(146)
Miscellaneous Revenues		101,227	100,170	(1,057)
Total Receipts, Budgetary Basis	<u>106,266</u>	<u>207,493</u>	<u>206,290</u>	<u>(1,203)</u>
Expenditures:				
Health and Welfare	142,238	227,579	192,170	35,409
Capital Outlay	3,000	18,886	7,367	11,519
Total Expenditures, Budgetary Basis	<u>145,238</u>	<u>246,465</u>	<u>199,537</u>	<u>46,928</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	45,870	<u>\$ 45,870</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			4,796	
Add: Current Year Outstanding Warrants			14,267	
Ending Cash Balance			<u>\$ 64,933</u>	

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

**CHOCTAW COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

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



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

TO THE OFFICERS OF
CHOCTAW COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Choctaw County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Choctaw County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 24, 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. 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 Choctaw 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 deficiencies 2007-1, 2007-2, and 2007-3 as described in the accompanying schedule of findings and responses to be significant deficiencies 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, of the significant deficiencies described above, we consider items 2007-1, 2007-2, and 2007-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Choctaw County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-4.

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

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

This report is intended solely for the information and use of the management of the 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

February 24, 2009

**CHOCTAW COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007-1 — Segregation of Duties (Repeat Finding)

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

Condition: Based on inquiries of County personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within all County offices were not properly segregated to assure adequate internal control structure.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of 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 knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

Finding 2007-2 — Control Environment Regarding Financial Reporting

Criteria: Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, and compliance with applicable laws and regulations. An effective internal control system has in place policies and procedures that reduce the risk of errors and fraud within an organization. A key factor in this system is the environment established by management. In addition, management attitude, qualifications, and operating style become the foundation of all other internal control components.

Condition: As part of our risk assessment, we interviewed office employees as to their understanding on internal controls. As part of our financial statement audit, we test receipts, disbursements, and cash balances. We identified several areas of concern which include the following:

**CHOCTAW COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

- Management Attitude
 - During the audit, the Treasurer was questioned regarding a fee that should be deposited into the general fund. The Treasurer stated that she was told during a treasurer's school that the fee was to be deposited in the general fund, but she chose to retain the fee in her cash fund.
- Unreliable or lack of record keeping
 - Unable to locate:
 - Tax Roll Audit missing for June 30, 2007
 - Daily reports missing for January 12, 2007 through May 9, 2007
 - No protest ledger
 - While investigating protest errors, it was discovered that the County Treasurer does not have a financial ledger detailing funds held in the protest account. The funds held are from multiple tax payers for multiple years. In addition, the Treasurer was unable to identify to whom all the money belonged.
 - General ledger errors
 - During audit testwork, it was noted that multiple postings were found on the general ledger, resulting in incorrect fund balances. (Corrections were made as of June 30, 2007.)
 - Overpayment of Ad Valorem to Taxing entities
 - During audit year in the amount of \$63,808.20
 - During subsequent events testwork in the amount of \$82,327.73
 - Outstanding voucher list was incorrect
 - While examining outstanding voucher list, it was noted that several vouchers on the list were previously paid.

Effect: These conditions adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably.

Recommendation: OSAI recommends the County be aware 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. Management should take action to mitigate the possibility of a misstatement. OSAI further recommends that the County Treasurer's office personnel gain an understanding of the design of the internal control process and implement those controls in an effective and efficient manner.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will implement procedures to strengthen internal controls over the reporting process.

Finding 2007-3 — Treasurer's Bank Reconciliation (Repeat Finding)

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failures to

**CHOCTAW COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Condition: The County Treasurer's office is not properly reconciling bank account balances to the general ledger. Unknown errors are included in the reconciling of the bank statement to the general ledger. Also, the list of outstanding vouchers used for reconciliation purposes included several vouchers that were previously paid. During subsequent events testwork, it was determined the general bank account was overstated on the general ledger in the amount of \$39,001.11.

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

Recommendation: OSAI recommends that the County Treasurer perform timely reconciliations of bank statements and ensure all reconciling items are accurate and reasonable.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are currently working to reconcile bank account balances to the general ledger.

Finding 2007-4 — Pledged Securities

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

Condition: The County's bank account balances and investments were underpledged in the amount of \$1,042,671.11 as of January 31, 2007.

Effect: This condition could result in the loss of county funds.

Recommendation: OSAI recommends the County Treasurer require the financial institution collateralize the public deposits in excess of deposit insurance in accordance with state statutes.

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

**CHOCTAW COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007-5—Consumable Inventory—District 1

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

Condition: District 1 is not keeping a fuel log with a balance that can be reconciled to the actual fuel on hand.

Effect: This condition could result in the misappropriation of county assets.

Recommendation: OSAI recommends consumable records be updated to accurately reflect inventories on hand and these records be maintained perpetually.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We will implement procedures to properly account for consumable inventory items.

Finding 2007-6— Fixed Assets Inventory (Repeat Finding)

Criteria: Title 19 O.S. § 178.1 states in part, “The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming into custody of the county or any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...”

Condition: All offices do not perform a biennial verification of the fixed assets inventory.

Effect: Inventory items were not accurately accounted for and the County’s assets may not be safeguarded.

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record. OSAI also recommends that these inventories be documented on form # 3512.

**CHOCTAW COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Finding 2007-7—Court Clerk Official Depository

Criteria: Title 19 O.S. § 683 states in part, “All withdrawals of monies from the said depository shall be made on the voucher of the authority making such deposit, - which said vouchers shall show on their face the character of claim or charge liquidated or the fund or funds to which transferred in the county treasury, and shall, when redeemed, be delivered monthly to the county clerk and receipted for by him. It shall be the duty of the authority making any withdrawal to present the voucher therefor to the county treasurer for registration before delivery to the payee. Upon such presentation, the county treasurer shall register the said voucher in its proper numerical order, certify such registration by his official signature, and designate on the face of said voucher the bank through which the same shall be paid.”

Condition: The Choctaw Court Clerk issued five vouchers without registering them by the County Treasurer. Also, one voucher did not have the proper signatures.

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

Recommendation: OSAI recommends the Court Clerk register all depository vouchers so that the County Treasurer can monitor all county funds and that all vouchers have proper signatures affixed to them.

Views of responsible officials and planned corrective actions: We will implement procedures to prevent errors of this nature in the future.



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