

JOHNSTON COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**JOHNSTON 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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May 20, 2010

TO THE CITIZENS OF
JOHNSTON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Johnston 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, reading "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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

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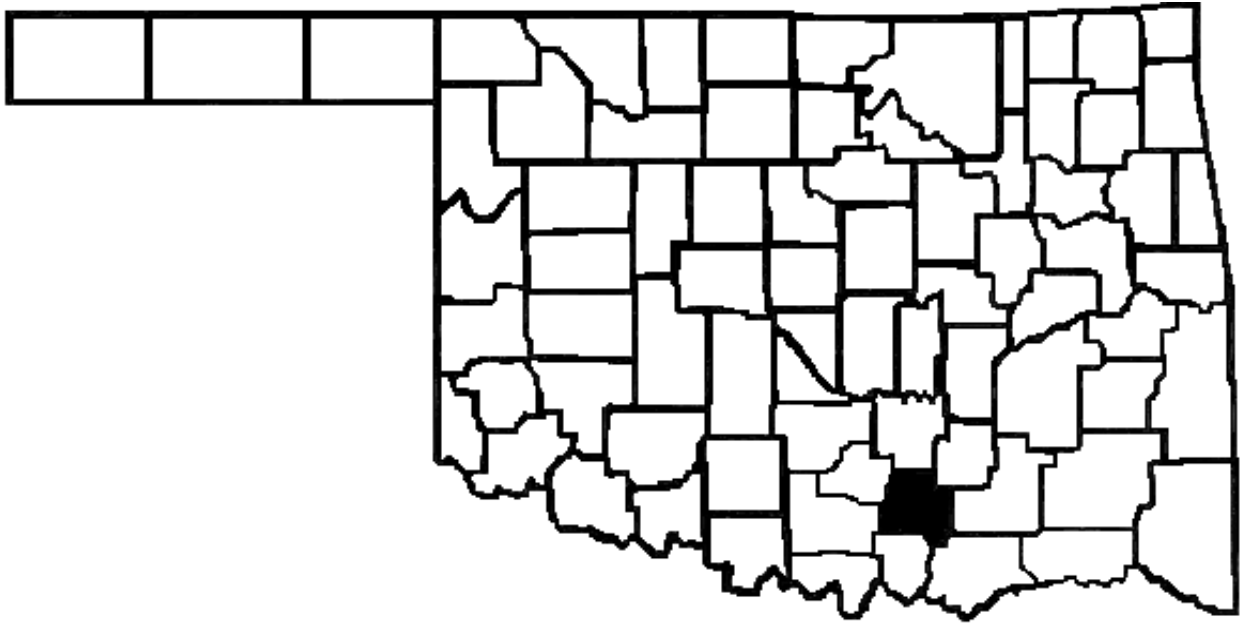
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**REPORT TO THE CITIZENS OF
JOHNSTON COUNTY, OKLAHOMA**



Johnston County was created at statehood and named for Douglas H. Johnston, governor of the Chickasaw Nation. The County seat, Tishomingo, is the historic Capitol of the Chickasaw Nation. The county is rich in history, and the state has had two governors from Tishomingo. They were William H. 'Alfalfa Bill' Murray, 1932 – 1935, and his son Johnston Murray, 1951 – 1955.

The Great Chickasaw Nation has restored the two-story granite building which was the last council house of the Chickasaw at the time of statehood. That building constructed in 1898 became the Johnston County Courthouse following statehood. The Capitol Building is now one of the finest cultural centers of the area, housing early artifacts and the history of the Chickasaw Nation.

Major industries in the county are Martin Marietta Material; Unimin; U.S. Silica; TXI; Tape-Matics; Scott Pet Products Inc; Sundowner Trailers; agriculture and cattle operations. Wildlife and recreational areas include the Tishomingo National Wildlife Refuge, The Federal Fish Hatchery and Catfish Research Center near Reagan, and the Blue River Public Hunting and Fishing area. Johnston County History and other books by the Johnston County Historical Society document the history of the area. For additional information, call the county clerk at (580) 371-3184.

County Seat – Tishomingo

Area - 658.29 Square Miles

County Population – 10,259
(2005 est.)

Farms – 682

Land in Farms – 325,983 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

COUNTY ASSESSOR
Guyla Hart

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 Ross

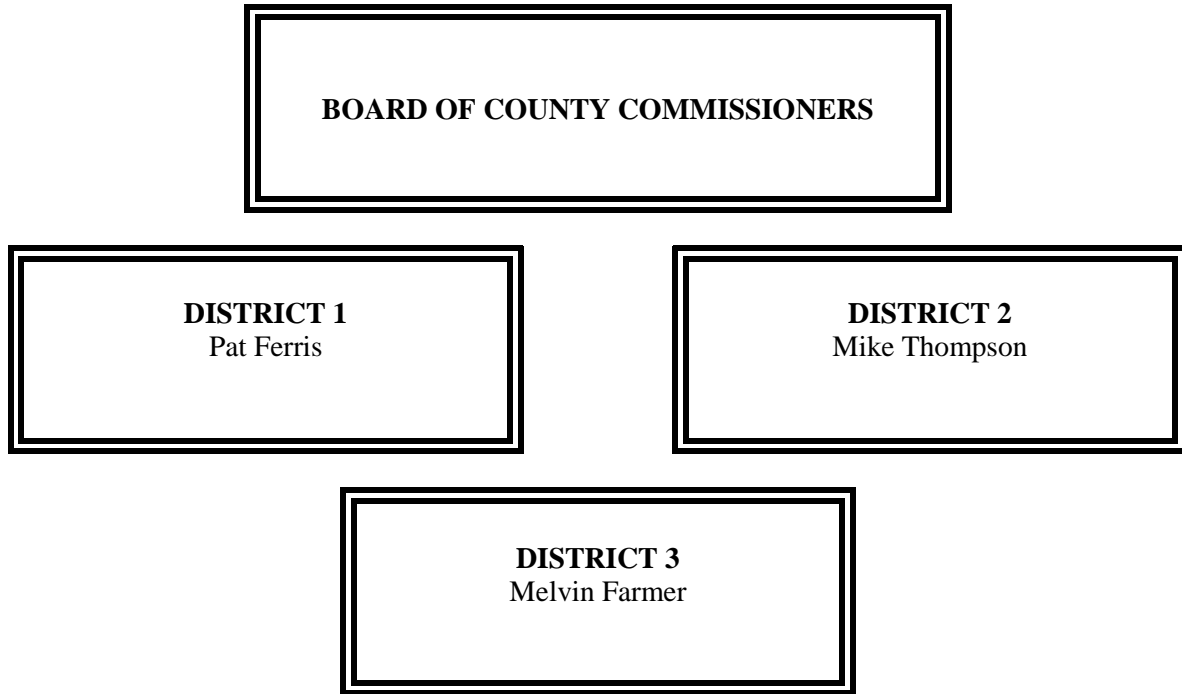
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**JOHNSTON 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.

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

COUNTY SHERIFF
Tom Winkler

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
Rana Gilpin

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.

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

COURT CLERK
Judy Beavers

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
Craig Ladd

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.

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

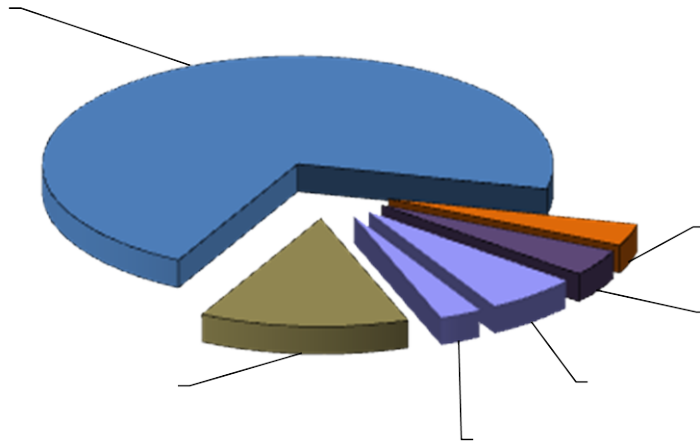
ELECTION BOARD SECRETARY Janis Stewart
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots 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.

**JOHNSTON 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	Common	Total
County General	10.30								
County Health	2.57	Mill Creek	I-2	35.63	5.09			4.12	44.84
Multi-County Library	2.06	Mannsville	D-7	37.04	5.29		10.59	4.12	57.04
EMS	3.09	Ravia	D-10	35.79	5.11			4.12	45.02
County Sinking	4.51	Tishomingo	I-20	36.66	5.24	2.51		4.12	48.53
		Milburn	I-29	36.95	5.28			4.12	46.35
		Coleman	I-35	35.87	5.12	12.63		4.12	57.74
		Wapanucka	I-37	36.60	5.23	14.57	12.55	4.12	73.07
		Joint Schools	JI-30	36.08	5.15	10.83	12.37	4.12	68.55

See independent auditor's report.

**JOHNSTON 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>\$ 49,156,721</u>
Debt limit - 5% of total assessed value		2,457,836
Total bonds outstanding	1,050,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>339,689</u>	<u>710,311</u>
Legal debt margin		<u>\$ 1,747,525</u>

See independent auditor's report.

JOHNSTON 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)

	<u>2007</u>
Estimated population	<u>10,259</u>
Net assessed value as of January 1, 2006	<u>\$ 49,156,721</u>
Gross bonded debt	1,050,000
Less available sinking fund cash balance	<u>339,689</u>
Net bonded debt	<u>\$ 710,311</u>
Ratio of net bonded debt to assessed value	<u>1.45%</u>
Net bonded debt per capita	<u>\$ 69</u>

See independent auditor's report.

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

<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>
1/1/2006	\$11,555,881	\$10,320,618	\$29,849,154	\$2,568,932	\$49,156,721	\$423,321,309

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 JOHNSTON COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Johnston 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 Johnston County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Johnston 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 Johnston 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 16, 2010, on our consideration of Johnston 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. Johnston County has not presented the budgetary comparison information for the Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances – Budget and Actual – Budgetary Basis – General Fund and Health Fund. Although not a part of the basic financial statement, such information is an integral part of the regulatory presentation for county government. 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 16, 2010

Basic Financial Statement

**JOHNSTON 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:				
County General Fund	\$ 1,134,163	\$ 1,561,545	\$ 1,433,794	\$ 1,261,914
T-Highway	799,792	1,534,476	1,591,978	742,290
Resale Property	44,341	41,571	49,475	36,437
County Health	82,479	123,985	107,645	98,819
Sheriff Cash Fund	105,081	155,325	173,728	86,678
Sheriff Unclaimed Property	9,919	869	9,532	1,256
Treasurer's Mortgage Certification Fee	2,645	2,320	2,765	2,200
County Clerk Fee Fund	10,825	13,311	2,988	21,148
Visual Inspection	2			2
Assessor Revolving	5,897	2,304	3,960	4,241
Sheriff Drug Fund	4,487	19,897	17,962	6,422
Waste Grant	4,405			4,405
Fair Barn Grant 2001	722	20,598	2,072	19,248
CIP	19	12,000	12,000	19
Reward Fund	500			500
County Clerk Preservation	40,786	17,395	19,027	39,154
Emergency 911	68,514	90,905	67,999	91,420
Hospital One-Cent Sales Tax	31,951	386,058	384,663	33,346
District Attorney Council Grant	14			14
Jail One-Cent Sales Tax	50,833	129,784	147,398	33,219
Jail Bond Construction Account	1			1
Sinking Fund	358,434	225,980	244,725	339,689
SODA Special Project	3,163	43,527	46,613	77
Sheriff BOJ Fund	4,151	6,238	6,371	4,018
Free Fair Cash Voucher Fund	12,600		10,400	2,200
Community Development Block Grants		161,323	157,496	3,827
Johnston County Public Facilities Authority		875,000	367,469	507,531
Sheriff Commissary Cash Fund		8,601	1,381	7,220
Combined Total - All County Funds	\$ 2,775,724	\$ 5,433,012	\$ 4,861,441	\$ 3,347,295

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

**JOHNSTON 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 Johnston 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.

T-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 Cash Fund – accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

Sheriff Unclaimed Property – accounts for monies generated as a result of the sale of unclaimed property and the disbursement of the funds as restricted by statutes.

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

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

County Clerk Fee Fund – accounts for lien collections and disbursements as restricted by statutes.

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

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

Sheriff Drug Fund – accounts for the collection of the Sheriff's percentage of drug forfeitures.

Waste Grant – accounts for federal grant monies received for solid waste stations across the County.

Fair Barn Grant 2001 – accounts for state grant monies received and used to construct a new Fair Barn.

CIP – accounts for state grant funds received for the purpose of capital improvements within the County.

Reward Fund – accounts for donations to be used as a reward for information leading to the arrest of vandals.

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

Emergency 911 – accounts for grant funds received for the purpose of a 911 service.

Hospital One-Cent Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

District Attorney Council Grant – accounts for grant monies received for the purchase of patrol cars.

Jail One-Cent Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Jail Bond Construction Account – accounts for monies generated from the sale of bonds to construct a county jail.

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

Sinking Fund – accounts for the payment of interest and principal on the matured portion of long-term bonded debt. 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.

SODA Special Project – accounts for state funds to be used for various highway projects.

Sheriff BOJ Fund – accounts for bond fees collected by the Sheriff's office and the disbursement of funds as restricted by statute.

Free Fair Cash Voucher Fund – accounts for the collection of revenue generated from building rent, booth rent, and other fees and disbursements are restricted by state statute.

Community Development Block Grants – accounts for federal grant funds for various projects including a community system, water treatment facility, and capital improvement planning.

Johnston County Public Facilities Authority – accounts for loan proceeds used to construct a family health center. The County Commissioners are the Board for this Authority. All purchases are subject to county purchasing procedures and are accounted for on the County's ledgers.

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

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.

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

D. Budget

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

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

E. Cash

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

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

F. Investments

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

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

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

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 be accumulated up to 40 hours. Employees earn between 4 to 10 hours per month based upon years of service. Vacation leave is accrued monthly. Upon resignation or retirement, an employee will be paid for the balance of accrued vacation/annual leave up to the accumulation limit.

Sick leave benefits are accrued at the rate of 10 hours per month and employees may accumulate up to 360 hours. 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 \$49,156,721.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.30 mills for general fund operations, 2.57 mills for county health department, 3.09 mills for emergency medical service, 2.06 mills for multi-county library, and 4.51 mills 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.

Current year tax collections for the year ended June 30, 2007, were approximately 96.7 percent of the tax levy.

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

3. Fuel Tax

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

4. Risk Management

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

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none">• Torts• Errors and Omissions• Law Enforcement Officers' Liability• Vehicle	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none">• Theft• Damage to Assets• Natural Disasters		
Employee <ul style="list-style-type: none">• Medical• Disability• Dental• Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members 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 member chooses a deductible amount (\$10,000, \$25,000, or \$50,000). 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 County's deductible amount. The pool has acquired specific excess insurance with retention limits of \$250,000 for property claims and \$500,000 for general liability claims. The pool has acquired reinsurance in the amount of \$2,000,000 for general liability and \$50,000,000 per occurrence for property to cover claims that exceed the pool's retention limits. If claims exceed pool assets, the County could be liable for its share of the pool's deficit. 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.

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

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, but have a one-time fee of 3% on all pieces of machinery acquired.

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Debt service on the bonds will be paid from ad valorem taxes levied and assessed on behalf of the issuer and deposited to the Sinking Fund.

Johnston County, Oklahoma-County Jail Bond of 2001 – Bonds in the amount of \$1,650,000 were issued November 1, 2001, for the purpose of erecting, equipping, and furnishing a new county jail.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 25 years from the date of issue. General obligation bonds currently outstanding are as follows:

Purpose		Interest Rate	Original Amount	
Johnston County, Oklahoma County Jail Bond of 2001		3.899587%	\$1,650,000	

Beginning Balance	Additions	Reductions	Ending Balance	Amount due within one year
\$1,250,000	\$ - 0-	\$200,000	\$1,050,000	\$200,000

During fiscal year 2007, payments included \$200,000 for principal, \$44,275 interest, and \$450 for fees.

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

Annual debt service requirements to maturity for general obligation bonds, including interest of \$106,438, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 200,000	\$ 36,925	\$ 236,925
2009	200,000	29,275	229,275
2010	200,000	21,525	221,525
2011	200,000	13,775	213,775
2012	250,000	4,938	254,938
Total	<u>\$1,050,000</u>	<u>\$106,438</u>	<u>\$1,156,438</u>

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 \$149,396, \$127,854, and \$98,628, 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.

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

8. Contingent Liabilities

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

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

9. Sales Tax

The voters of Johnston County passed a 2 cents sales tax, (1 cent) designated to fund various County functions expiring December 31, 2009, (.075 cent) designated for the County hospital expiring April 31, 2008, and (.025 cent) designated for the construction of a County jail facility expiring March 31, 2013.

Lodging Tax

The voters of Johnston County passed a lodging tax of five percent per room per night derived from the occupancy of hotel, motel, or lodge rooms to be used for the purpose of economic development expiring December 31, 2008.

OTHER SUPPLEMENTARY INFORMATION

**JOHNSTON COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Beginning Cash Balance	<u>\$ 358,434</u>
Receipts:	
Ad Valorem	215,387
Miscellaneous	<u>10,593</u>
Total Receipts	<u>225,980</u>
Disbursements:	
Principal	200,000
Interest	44,275
Fee	<u>450</u>
Total Disbursements	<u>244,725</u>
Ending Cash Balance	<u>\$ 339,689</u>

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

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

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 have not been presented. Therefore, the legally adopted budget cannot be compared with actual data for the General Fund or the County Health Department Fund.

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 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
JOHNSTON COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Johnston County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Johnston County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 16, 2010. 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. Further, Johnston County has not presented budgetary comparison information for the General Fund and the County Health Department Fund that should have been included as supplementary information. 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 Johnston 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 and 2007-2 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 and 2007-2 to be material weaknesses.

Compliance and Other Matters

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

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

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

This report is intended solely for the information and use of the management of 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 16, 2010

**JOHNSTON 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

Criteria: Accountability and stewardship are overall goals of management in the 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: The Treasurer's office has two full-time employees. The Treasurer and all employees issue receipts and balance their own cash drawer. No log is maintained of payments received through the mail and all employees receipt mail-in payments. There is no review or approval of these functions other than the employee performing the task.

The County Clerk's office has two full-time employees and one part-time employee. The Clerk and all employees issue receipts from the same cash drawer. One of these deputies prepares and makes the deposit. There is no review or approval of these functions other than the employee performing the task.

The County Sheriff's office has multiple jailers and dispatchers as well as a full-time secretary. The secretary, jailers, and dispatchers all issue receipts. There is no reconciliation of receipts to the deposit. The secretary prepares the deposits. There is no review or approval of these functions other than the employee performing the task.

The County Assessor's office has four full-time employees. The Assessor and all deputies issue receipts and use the same cash drawer. One employee prepares the deposit. There is no review or approval of these functions other than the employee performing the task.

The County Election Board office has one full-time employee. The Election Board Secretary and the deputy issue receipts and the deputy prepares the deposit. There is no review or approval of these functions other than the employee performing the task.

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

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and management review and approval of accounting functions.

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

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

Finding 2007-2 – Control Environment Regarding Sheriff's Collections and Citations

Criteria: Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Effective internal controls should provide for procedures wherein receipts for the monies collected are maintained and available for inspection and deposits are made in a timely manner.

Effective internal controls include traffic citations be issued in triplicate form and that a control log be kept of all traffic citation books issued to employees for the Sheriff's office. Also, all records related to the Sheriff's office issued citations should be accounted for by properly voiding citations, remitting active citations to the Court Clerk's office, and maintaining all carbon copies of citations.

Title 19 O.S. § 180.43.E states in part:

Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.

Title 19 O.S. § 531.A states in part:

The county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account." The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.

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

Title 19 O.S. § 531.C states in part:

Banking fees on the account may be paid out of the Sheriff Commissary Account or the county sheriff's Service Fee Cash Fund.

Title 19 O.S. § 682 states in part:

It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...

Condition: As part of our financial statement audit, we tested receipts, deposits, and traffic citations in the Sheriff's Department. We identified several areas of concern which include:

❖ Inmate Trust Fund and Sheriff's Commissary Fund:

- Records were not maintained to reconcile inmates' balances to the bank statements on a monthly basis. The Sheriff's Office could not print out a ledger of each inmate's history of deposits and transactions.
- The Sheriff does not make daily deposits.
- An expenditure for checks was made from the Inmate Trust Fund account in June 2007 for \$32.49.
- The Sheriff's Office did not file an annual report for the commissary fund.

❖ Sheriff's Official Cash Bond and Foreign Service Depository Account:

1. Receipts were not issued for all monies received.
2. Receipts were not issued in sequential order.
3. Receipts were not voided properly with the original attached.
4. Sheriff did not make daily deposits.
5. All receipts were not signed.
6. Carbon copies of some receipts were removed from receipt book.
7. Generic receipts were being used.
8. One receipt for \$50 could not be traced to a deposit.
9. Receipts did not always indicate mode of payment.

❖ Sheriff's Traffic Citations:

- The audit copy of all issued citations could not be located.
- A control log is not maintained detailing citation books issued to deputies.

Effect: This condition could result in errors and improprieties, unrecorded transactions, or misappropriation of funds.

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

Recommendation:

- ❖ Regarding Inmate Trust Funds and Sheriff Commissary Fund: OSAI recommends that the Sheriff maintain inmate trust fund monies in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's trust fund balances should be reconciled to the bank statements each month, collections of inmate monies should be deposited daily, and no operating expenditures should be made from this fund. The Sheriff should file a report of the commissary with the County Commissioners by January 15 of each year.
- ❖ Regarding Sheriff's Official Depository: OSAI recommends that duplicate, pre-numbered receipts denoting "Johnston County Sheriff's Office" be issued for all monies received in the Sheriff's Office. Receipts should be issued only once, in sequential order, and should indicate mode of payment received. Also, collections should be deposited daily and original copies of voided receipts should be retained.
- ❖ Regarding Traffic Citations: OSAI recommends that the Johnston County Sheriff's Office submit one copy of traffic citations to the Court Clerk, assure that all carbon copies of the citations are maintained by the Sheriff's Office for audit purposes, and that citations be properly voided with the originals attached to the carbon copies left in the book.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings and are implementing procedures for the safekeeping of collections and proper monitoring and submission of traffic citations.

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 2007-3 – Appropriations Reflected on the Estimate of Needs were Incorrect

Criteria: The adopted budget is an expression of public policy and financial intent and is a method of providing controls over that intent. Effective internal controls as they relate to government entities financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable users access to that accountability by demonstrating whether resources were obtained and used in accordance with the entity's adopted budget.

Title 68 O.S. § 3002.A states:

Notwithstanding the provisions of the School District Budget Act, each board of county commissioners and the board of education of each school district, shall, prior to October 1 of each year, make, in writing, a financial statement, showing the true fiscal condition of their respective political subdivisions as of the close of the previous fiscal year ended

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

June 30th, and shall make a written itemized statement of estimated needs and probable income from all sources including ad valorem tax for the current fiscal year. Such financial statement shall be supported by schedules or exhibits showing, by classes, the amount of all receipts and disbursements, and shall be sworn to as being true and correct. The statement of estimated needs shall be itemized so as to show, by classes: first, the several amounts necessary for the current expenses of the political subdivision and each officer and department thereof as submitted in compliance with the provisions of Section 3004 of this title; second, the amount required by law to be provided for sinking fund purposes; third, the probable income that will be received from all sources, including interest income and ad valorem taxes; and shall be detailed in form and amount so as to disclose the several items for which the excise board is authorized and required, by this article, to approve estimates and make appropriations.

Condition: The General and Health Fund's original appropriations approved by the County Excise Board for fiscal year ending June 30, 2007, were not accurately appropriated by account on the Clerk's appropriation ledger. Further, this resulted in incorrect amounts reported on *Schedule 8-Report of Prior Year's Expenditures* of the estimate of needs for the fiscal year ending June 30, 2008.

Effect: If the amounts are noted incorrectly, it is impossible to ensure County officials have the correct information for budgeting purposes, which could result in the County misappropriating funds and/or the overspending of funds.

Recommendation: OSAI recommends the County review the estimate of needs prior to approval to ensure that all funds are accurately presented.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We have taken steps to review the budget prior to approval.

Finding 2007-4 – Fuel Log Not Maintained

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 2 does not maintain fuel logs that can be reconciled to a physical measurement.

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

Recommendation: OSAI recommends that 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 and are implementing procedures to correct this issue.



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