SEMINOLE COUNTY

JULY 1, 2005 THROUGH JUNE 30, 2006

COUNTY AUDIT

Jeff A. McMahan

Oklahoma State Auditor
& Inspector

SEMINOLE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

January 24, 2008

TO THE CITIZENS OF
SEMINOLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Seminole County, Oklahoma, for the fiscal year ended June 30, 2006. 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,

Michelle R. Day

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

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TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Seminole County iii
County Officials and Responsibilities iv
Ad Valorem Tax Distribution ix
Computation of Legal Debt Margin x
Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita xi
Assessed Value of Property xii

FINANCIAL SECTION

Report of State Auditor and Inspector 1

Basic Financial Statement:

Combined Statement of Receipts, Disbursements, and Changes in Cash Balances
(with Combining Information) 3

Notes to the Financial Statement 4

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in
Cash Balances—Budget and Actual—Budgetary Basis—General Fund 12

Comparative Schedule of Receipts, Expenditures, and Changes in
Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund 15

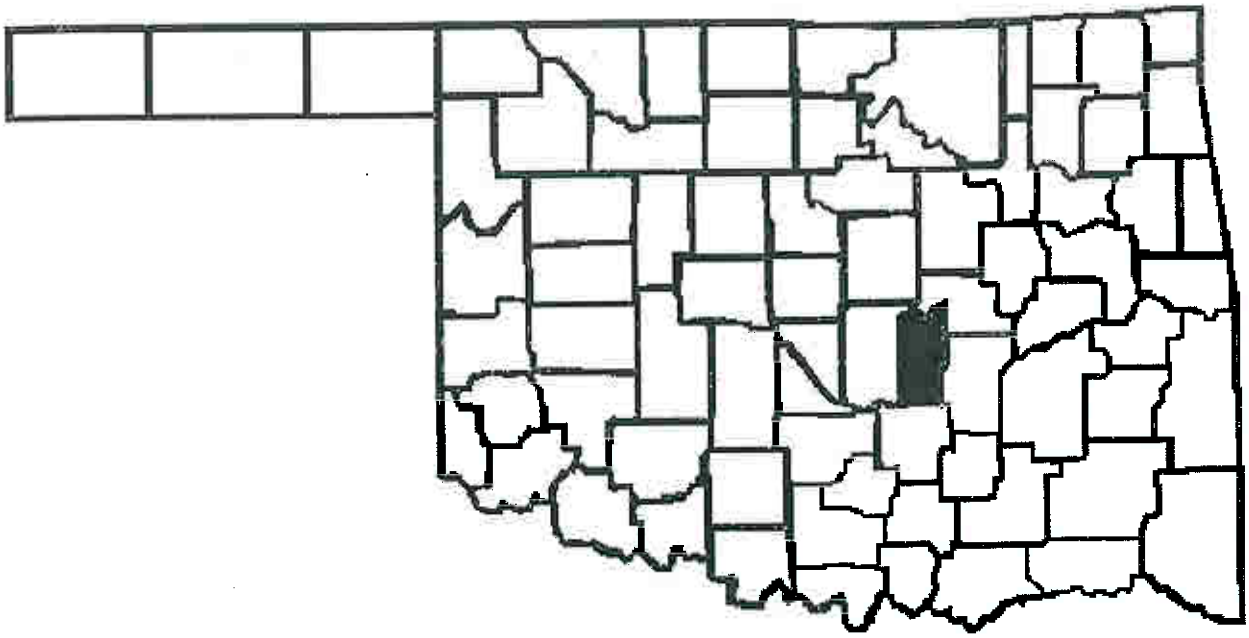
Notes to Other Supplementary Information 16

INTERNAL CONTROL AND COMPLIANCE SECTION

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* 17

Schedule of Findings and Responses 19

REPORT TO THE CITIZENS
OF
SEMINOLE COUNTY, OKLAHOMA



Taking its name from a Creek word meaning "runaway" or "those who camp at a distance," this county was originally part of the Seminole Nation, Indian Territory. As a result of a treaty with the Creeks in 1856, the Seminoles received an estimated 2,169,080 acres of land in the Indian Territory where they could establish their own government and laws. They were the last of the Five Civilized Tribes to organize their government in this region.

Although oil exploration began near Wewoka as early as 1902, it was not until 1923 and the discovery of the Greater Seminole Field that the county experienced an economic boom. By September 1929, this became the premier high-gravity oil field in the United States. Now, agriculture and manufacturing also contribute to the economy.

Businesses engaged in the production of clothing, oil field chemicals and tanks, air blasting equipment, and others are located in the area. Seminole State College continues the tradition first exemplified by the founding of the Mekasukey Academy for Seminole boys in 1891 and the Emahaka Boarding School for Seminole girls in 1893.

Sources for recreational activities include area lakes as well as public golf courses in Seminole and Wewoka. For more information, call the county clerk's office at 405-257-2501.

County Seat – Wewoka

Area – 640.57 Square Miles

County Population – 24,679
(2004 est.)

Farms – 1,167

Land in Farms – 279,262 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

COUNTY ASSESSOR
Billy Parks
(D) Wewoka

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
Tim Anderson
(D) Wewoka

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.

BOARD OF COUNTY COMMISSIONERS

DISTRICT 1
Ted Eberle
(D) Konawa

DISTRICT 2
Jvon James
(D) Seminole

DISTRICT 3
Ray Stafford
(D) Wewoka

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.

COUNTY SHERIFF
Joe Craig
(D) Seminole

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
Jim Hardin
(D) Seminole

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.

COURT CLERK
Sharon Post
(D) Seminole

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
William Peterson
(D) Ada

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.

ELECTION BOARD SECRETARY
Mary Jo Rains
(D) Konawa

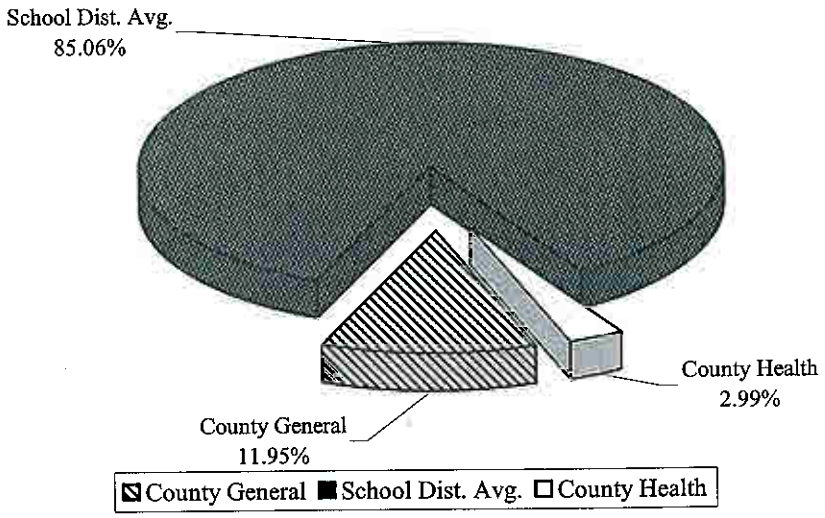
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

SEMINOLE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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	
Co. General	10.44
County Health	2.61

Cities Sinking	
Seminole	10.35
Wewoka	11.03
Konawa	17.00

School District Millages

		Gen.	Bldg.	Skg.	Career Tech	Career Tech Bldg	Common	Total
Seminole	I-1	36.17	5.17	14.20	10.50	5.25	4.18	75.47
Wewoka	I-2	36.99	5.28	33.51	10.50	5.25	4.18	95.71
Bowlegs	I-3	37.57	5.37	15.63	10.50	5.25	4.18	78.50
Konawa	I-4	35.45	5.06	12.65			4.18	57.34
P1 Grove	I-5	37.83	5.40		10.50	5.25	4.18	63.16
New Lima	I-6	37.59	5.37		10.50	5.25	4.18	62.89
Varnum	I-7	38.33	5.48		10.50	5.25	4.18	63.74
Sasakawa	I-10	37.91	5.42	27.21	10.83	2.00	4.18	87.55
Strother	I-14	39.28	5.61	10.72	10.50	5.25	4.18	75.54
Butner	I-15	38.11	5.44	17.63	10.50	5.25	4.18	81.11
Justice	I-54	38.16	5.45		10.50	5.25	4.18	63.54
Maud	I-117	37.83	5.40	23.96	10.50	5.25	4.18	87.12

See independent auditor's report.

SEMINOLE COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

Total net assessed value as of January 1, 2005		$ 103,959,254
Debt limit - 5% of total assessed value		5,197,963
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	-
Legal debt margin		$ 5,197,963

See independent auditor's report.

SEMINOLE COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

	2006
Estimated population	24,679
Net assessed value as of January 1, 2005	$ 103,959,254
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.

SEMINOLE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2005	$14,244,730	$45,043,598	$50,816,304	$6,145,378	$103,959,254	$796,207,572

See independent auditor's report.

FINANCIAL SECTION

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
SEMINOLE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Seminole County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Seminole 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 Seminole County as of June 30, 2006, 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 Seminole County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2007, on our consideration of Seminole 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.

Michelle R. Day

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

October 10, 2007

Basic Financial Statement

SEMINOLE COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:				
County General Fund	$ 294,641	$ 1,912,983	$ 1,713,757	$ 493,867
County Highway	961,436	2,930,879	2,700,149	1,192,166
Resale Property	57,650	125,119	72,545	110,224
County Health	419,470	273,538	322,555	370,453
County General Sales Tax	124,411	212,004	164,045	172,370
Highway Sales Tax	218,775	636,011	471,146	383,640
Sheriff Sales Tax	155,930	212,004	258,621	109,313
Treasurer Mortgage Fees	13,684	5,475	4,201	14,958
County Clerk Lien Fee	10,002	15,368	18,174	7,196
Community Service	1,008	302	284	1,026
County Insurance Fund	22		22	
Sheriff Service Fees	93,661	227,377	199,288	121,750
Sheriff OG&E	12,271	54,226	39,914	26,583
Sheriff Transport B-4	29,492	87,564	92,103	24,953
Civil Defense	2,004			2,004
Law Enforcement Grant	56			56
LEPC	3,706	1,780	2,000	3,486
Floodplain	385	50		435
Solid Waste - Trash Fund	3,021	5,138	5,000	3,159
Teen Court	2			2
911 Grant	87			87
Assessor Revolving	4,549	10,722	7,766	7,505
County Clerk Preservation	20,165	51,005	46,188	24,982
Sheriff Commissary	15,911	18,787	21,748	12,950
HOME Program		23,222	23,222	
Emergency 911	236,896	315,908	441,114	111,690
CDBG Fairground Grant		2,250	2,250	
Combined Total–All County Funds	$ 2,679,235	$ 7,121,712	$ 6,606,092	$ 3,194,855

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

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

B. Fund Accounting

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

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

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

County Highway - 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.

County General Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Highway Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Sheriff Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Treasurer Mortgage Fees – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds restricted by statutes.

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

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

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

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

Sheriff OG&E – accounts for payments from OG&E for deputies' salaries for patrolling OG&E premises and the surrounding area.

Sheriff Transport B-4 – accounts for the monies received from the State of Oklahoma for the boarding and feeding of DOC prisoners and for service fees received for transportation of inmates and juveniles.

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

Law Enforcement Grant – accounts for grant monies received from the U.S. Department of Justice Local Law Enforcement Block Grant Program used for the Sheriff's office.

LEPC – accounts for state funds received for local emergency planning.

Floodplain – accounts for fees collected from inspections and assessments of flood plain areas and is used for the general operations of the emergency management office.

Solid Waste – Trash Fund – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Teen Court – accounts for the remaining match funds for a federal grant for juvenile court.

911 Grant – accounts for the remaining match from a state grant from the Corporation Commission for the development of an emergency 911 system.

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

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

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

HOME Program – accounts for HOME Investment Partnership Program federal grant funds received and the disbursement of funds as restricted by grant agreement.

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

CDBG Fairground Grant – accounts for community development block grant funds received and the disbursement of funds as restricted by grant agreement.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement, those funds play no part in the County's operations.

C. Basis of Accounting

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

D. Budget

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

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

E. Cash

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

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

F. Investments

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

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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may be accumulated up to 40 hours. Upon separation, an employee is paid for the balance of accrued annual leave up to the accumulation limit. All full-time Seminole County employees shall be entitled to annual leave that is accrued on an annual basis in accordance with the schedule outlined below:

ACCRUAL RATES

Years of Service	Annual Leave
1-5 years	80 hours
6-14 years	120 hours
15-20 years	144 hours
Over 20 years	160 hours

Sick leave benefits are accrued at the rate of 1 day per month and employees may accumulate up to 60 days. The County does not record any liability for sick leave.

2. Ad Valorem Tax

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

The assessed property value as of January 1, 2005, was approximately $103,959,254.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.44 (the legal maximum) for general fund operations and 2.61 mills for county health department. 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, 2006, were approximately 94.80 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 • Torts • Errors and Omissions • Law Enforcement Officers Liability • Vehicle Physical Plant • Theft • Damage to Assets • Natural Disasters	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Workers' Compensation • Employees' Injuries	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee • Medical • Disability • Dental • Life	The County carries commercial insurance.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a $10,000, $25,000, or a $50,000 deductible amount. The County has chosen a $10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay

legitimate claims in excess of the deductible amount for replacement value up to $100,000 for property, and up to $500,000 for general liability. The pool has acquired commercial reinsurance in the amount of $1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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.

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 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004 were $262,512, $225,864, and $229,559, 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.

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

9. Sales Tax

On August 22, 2000, the Seminole County voters approved a ½ of one percent sales tax for a period of five years to begin September 1, 2000. Proceeds of the tax are designated as follows:

60% - county road fund for repair or replacement of county roads, bridges, and equipment
20% - county sheriff
20% - county general government for maintenance and operations on county property and operating expenses

On November 2, 2004, the Seminole County voters renewed a ½ of one percent sales tax for a period of five years to begin September 1, 2005. Proceeds of the tax are designated as follows:

60% - county road fund for repair or replacement of county roads, bridges, and equipment
20% - county sheriff
20% - county general government for maintenance and operations on county property and operating expenses

OTHER SUPPLEMENTARY INFORMATION

SEMINOLE 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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	$ 294,641	$ 294,641	$ 294,641	$ -
Less: Prior Year Outstanding Warrants	(100,836)	(100,836)	(100,836)	
Less: Prior Year Encumbrances	(28,212)	(28,212)	(26,734)	1,478
Beginning Cash Balances, Budgetary Basis	165,593	165,593	167,071	1,478
Receipts:				
Ad Valorem Taxes	986,668	986,668	1,016,475	29,807
Charges for Services	326,311	326,311	359,972	33,661
Intergovernmental Revenues	295,205	309,078	361,561	52,483
Miscellaneous Revenues	86,035	86,035	174,975	88,940
Total Receipts, Budgetary Basis	1,694,219	1,708,092	1,912,983	204,891
Expenditures:				
District Attorney	3,500	3,500	1,415	2 085
Total District Attorney	3,500	3,500	1,415	2,085
County Sheriff	279,330	279,330	271,074	8,256
Capital Outlay	2,000	2,000	340	1,660
Total County Sheriff	281,330	281,330	271,414	9,916
County Treasurer	92,998	92,998	92,904	94
Capital Outlay	1,500	1,500	1,302	198
Total County Treasurer	94,498	94,498	94,206	292
County Commissioners	15,229	15,229	14,410	819
Capital Outlay	1	1		1
Total County Commissioners	15,230	15,230	14,410	820
OSU Extension	18,528	18,528	17,648	880
Capital Outlay	500	500	460	40
Total OSU Extension	19,028	19,028	18,108	920
County Clerk	123,347	123,347	122,920	427
Capital Outlay	1	1		1
Total County Clerk	123,348	123,348	122,920	428

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

SEMINOLE 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, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	296,391	296,391	239,446	56,945
Total Court Clerk	296,391	296,391	239,446	56,945
County Assessor	112,025	112,025	109,870	2,155
Capital Outlay	1	1		1
Total County Assessor	112,026	112,026	109,870	2,156
Revaluation of Real Property	254,059	254,059	241,722	12,337
Capital Outlay	1	1		1
Total Revaluation of Real Property	254,060	254,060	241,722	12,338
General Government	163,758	177,631	159,014	18,617
Total General Government	163,758	177,631	159,014	18,617
Excise-Equalization Board	3,900	3,900	3,553	347
Total Excise-Equilization Board	3,900	3,900	3,553	347
County Election Board	50,832	50,832	50,832	
Capital Outlay	1,628	1,628	1,627	1
Total County Election Board	52,460	52,460	52,459	1
Insurance	381,702	381,702	320,500	61 202
Total Insurance	381,702	381,702	320,500	61,202
County Audit Budget Account	10,396	10,396	10,396	
Total County Audit Budget Account	10,396	10,396	10,396	-
County Cemetery	38,185	38,185	29,061	9 124
Total County Cemetery	38,185	38,185	29,061	9,124
Free Fair Budget	10,000	10,000	10,000	
Total Free Fair Budget	10,000	10,000	10,000	-
Provision for Interest on Warrants	-	-	1,661	(1,661)
Total Expenditures, Budgetary Basis	1,859,812	1,873,685	1,700,155	173,530

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

SEMINOLE 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, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	$ -	$ -	379,899	$ 379,899
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			11,892	
Add: Current Year Outstanding Warrants			102,076	
Ending Cash Balance			$ 493,867	

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

SEMINOLE 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, 2006

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	$ 419,470	$ 419,470	$ 419,470	$ -
Less: Prior Year Outstanding Warrants	(37,671)	(37,671)	(37,671)	
Less: Prior Year Encumbrances	(3,860)	(3,860)	(3,093)	767
Beginning Cash Balances, Budgetary Basis	377,939	377,939	378,706	767
Receipts:				
Ad Valorem Taxes	246,667	246,667	260,638	13,971
Miscellaneous Revenues		4,032	12,900	8,868
Total Receipts, Budgetary Basis	246,667	250,699	273,538	22,839
Expenditures:				
Health and Welfare	350,000	354,032	292,247	61,785
Capital Outlay	274,606	274,606	213	274,393
Total Expenditures, Budgetary Basis	624,606	628,638	292,460	336,178
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	$ -	$ -	359,784	$ 359,784
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			4,815	
Add: Current Year Outstanding Warrants			5,854	
Ending Cash Balance			$ 370,453	

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

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 OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
SEMINOLE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Seminole County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Seminole County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 10, 2007. 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 Seminole County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Seminole County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2006-1, 2006-2, and 2006-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2006-1 to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seminole 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*.

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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

Michelle R. Day

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

October 10, 2007

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 2006-1—Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

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

Recommendation: We recommend management be aware of this condition 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 2006-2 –Fixed Assets Inventory (Repeat Finding)

Criteria: Statutory requirements have been established for inventory control in county government. Title 19 O.S. § 178.1 states, "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 a 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 therefore 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 of 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: This condition could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

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 2006-3 – Fuel and Consumable Inventory

Criteria: Statutory requirements have been established for inventory control of supplies and materials used in county government. Title 19 O.S. § 1502.B prescribes the procedures to be used to account for supplies and material used in the construction and maintenance of roads and bridges.

Condition: Discrepancies were noted when comparing District Barn consumable records to the physical counts. Also, District 2 is not keeping a fuel log with a balance that can be reconciled to a physical measurement.

District	Item	Variance Long (Short)	Details
1	Tin Horn	(50 ft)	21" Tin Horn
1	Fuel	(92)	Unleaded
1	Fuel	811	Diesel
2	Tin Horn	1	15" Tin Horn
2	Tin Horn	2	24" Tin Horn
2	Tin Horn	2	30" Tin Horn
2	Steel Pipe	(20)	12" Steel Pipe
3	Steel Pipe	3	15" Steel Pipe
3	Fuel	(174)	Unleaded
3	Fuel	(1092)	Diesel

Effect: This condition could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend that the County Commissioners investigate the discrepancies between the consumable records and the physical inventory of consumable items and make appropriate adjustments. We also recommend that a physical inventory of consumable inventory items be periodically conducted to ensure the necessary accountability of inventories.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings and are implementing procedures to maintain an accurate inventory of consumable items. District 3 conditions are from a previous administration and new tanks and pumps were installed during June 2007.

PROTECTING YOUR TAX DOLLARS

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