

**SEMINOLE
COUNTY**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**



**COUNTY
AUDIT**



Oklahoma State Auditor
& Inspector

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

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105.B, thirty-five (35) copies have been prepared and distributed at a cost of \$92.36. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

July 8, 2008

TO THE CITIZENS OF
SEMINOLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Seminole County, Oklahoma, for the fiscal year ended June 30, 2007. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our audit.

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day".

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

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

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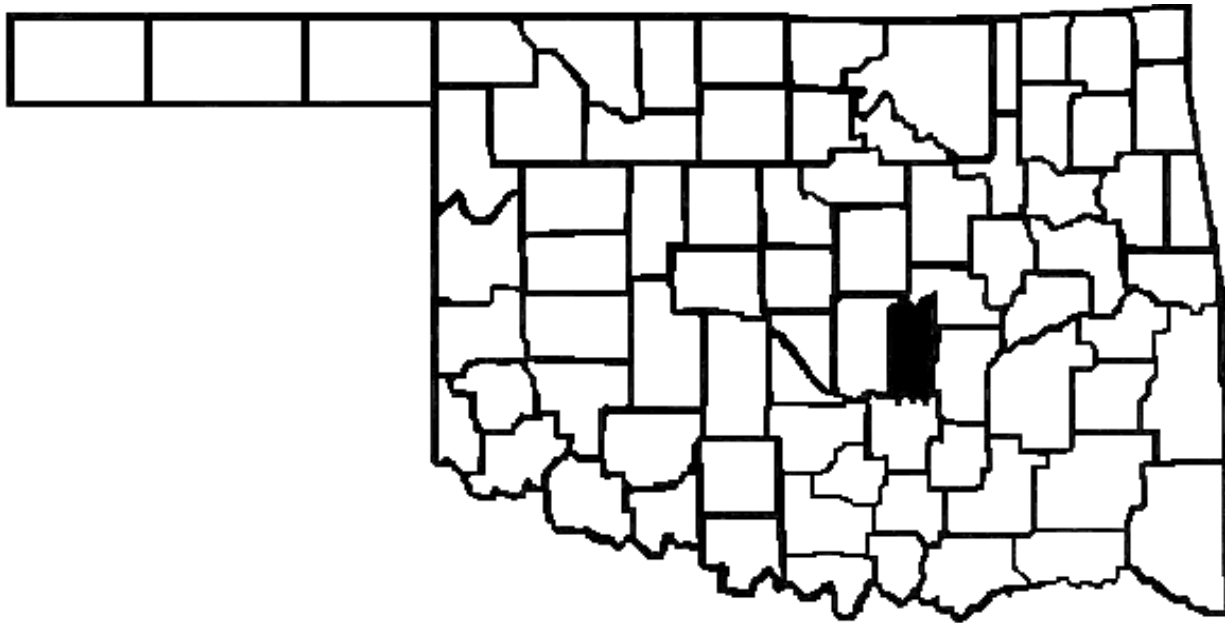
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**REPORT TO THE CITIZENS
OF
SEMINOLE COUNTY, OKLAHOMA**



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 of 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 – 24,770
(2005 est.)

Farms – 1,167

Land in Farms – 279,262 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

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

COUNTY ASSESSOR

Billy Parks

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

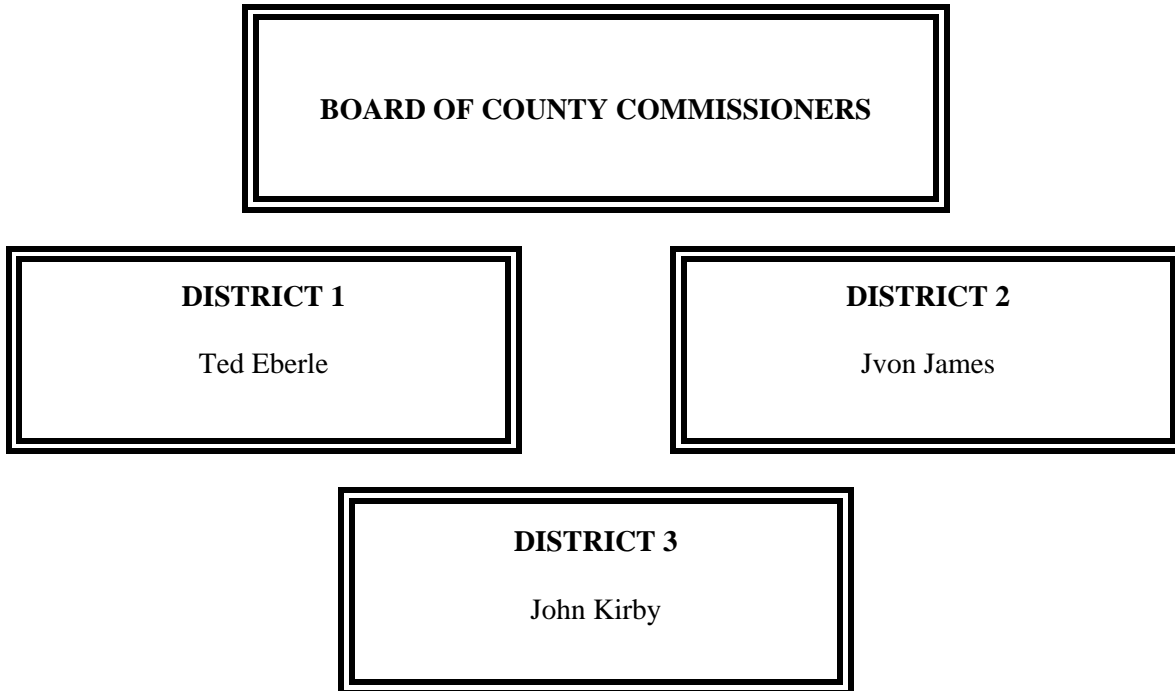
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**SEMINOLE 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.

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

COUNTY SHERIFF

Joe Craig

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

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.

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

COURT CLERK

Sharon Post

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

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.

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

ELECTION BOARD SECRETARY

Mary Jo Rains

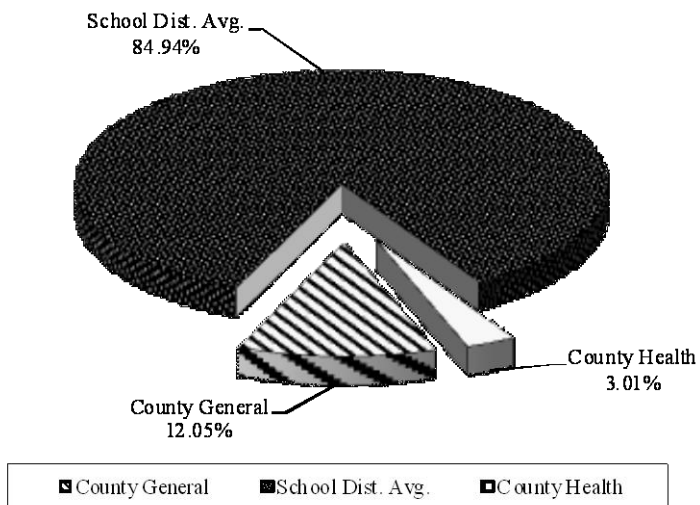
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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, 2007**

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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Career Tech	Career Tech Bldg.	Common	Total
County General	10.44			36.17	5.17	13.32	10.50	5.25	4.18	74.59
County Health	2.61	Seminole	I-1	36.99	5.28	27.51	10.50	5.25	4.18	89.71
		Wewoka	I-2	37.57	5.37	16.12	10.50	5.25	4.18	78.99
		Bowlegs	I-3	35.45	5.06	12.27			4.18	56.96
		Konawa	I-4	37.83	5.40		10.50	5.25	4.18	63.16
		P1 Grove	I-5	37.59	5.37		10.50	5.25	4.18	62.89
		New Lima	I-6	38.33	5.48		10.50	5.25	4.18	63.74
		Varnum	I-7	37.91	5.42	25.58	10.83	2.00	4.18	85.92
		Sasakwa	I-10	39.28	5.61	9.52	10.50	5.25	4.18	74.34
		Strother	I-14	38.11	5.44	10.01	10.50	5.25	4.18	73.49
		Butner	I-15	38.16	5.45		10.50	5.25	4.18	63.54
		Justice	I-54	37.83	5.40	22.50	10.50	5.25	4.18	85.66
		Maud	I-117							
City Sinking	10.49									
Wewoka	9.85									
Seminole										

See independent auditor's report.

**SEMINOLE 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>\$ 106,884,572</u>
Debt limit - 5% of total assessed value		5,344,229
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 5,344,229</u>

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, 2007
(UNAUDITED)**

	2007
Estimated population	24,770
Net assessed value as of January 1, 2006	\$ 106,884,572
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, 2007
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$15,187,335	\$45,502,739	\$52,657,599	\$6,463,101	\$106,884,572	\$815,908,841

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE 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, 2007, 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, 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 Seminole 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 June 26, 2008, 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, Esq.
Deputy State Auditor and Inspector

June 26, 2008

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, 2007**

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 493,867	\$ 2,094,419	\$ 1,860,736	\$ 727,550
County Highway	1,192,166	2,980,103	2,905,339	1,266,930
Resale Property	110,224	120,241	92,688	137,777
County Health	370,453	282,629	248,586	404,496
County General Sales Tax	172,370	244,575	180,372	236,573
Highway Sales Tax	383,640	1,008,723	855,305	537,058
Sheriff Sales Tax	109,313	245,025	226,879	127,459
Treasurer Mortgage Fees	14,958	5,385	5,291	15,052
County Clerk Lien Fee	7,196	27,422	14,582	20,036
Community Service	1,026		806	220
Sheriff Service Fees	121,750	168,248	187,174	102,824
Sheriff OG&E	26,583	40,670	58,721	8,532
Sheriff Transport B-4	24,953	169,612	108,214	86,351
Civil Defense	2,004			2,004
Law Enforcement Grant	56			56
LEPC	3,486	20	2,800	706
Floodplain	435			435
Solid Waste - Trash Fund	3,159	440		3,599
Teen Court	2			2
911 Grant	87			87
Assessor Revolving	7,505	7,860	9,293	6,072
County Clerk Preservation	24,982	53,117	45,975	32,124
Sheriff Commissary	12,950	15,000	19,025	8,925
HOME Program				
Emergency 911	111,690	391,401	367,681	135,410
CDBG Fairground Grant		51,243	51,243	
Special Road Project - BIA		39,337	39,337	
Sheriff Donation		5,250	4,408	842
Strother Fire Department REAP		3		3
Hazard Mitigation Grant		5,800	5,800	
Jail Tax		102,837		102,837
Fire Tax		51,418		51,418
Combined Total – All County Funds	\$ 3,194,855	\$ 8,110,778	\$ 7,290,255	\$ 4,015,378

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

**SEMINOLE 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 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.

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

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 as 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.

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.

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

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.

Special Road Project – BIA – accounts for funding received by Indian nations from the bureau of Indian Affairs and disbursed to the County for special road projects.

Sheriff Donation – accounts for donations to the Sheriff’s department.

Strother Fire Department REAP – accounts for state grants for the purpose of fire equipment for Strother Fire Department.

Hazard Mitigation Grant – accounts for Federal Emergency Management Agency funds received and the disbursement of those funds as restricted by grant agreement.

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

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

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

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

basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

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

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

E. Cash

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

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

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

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

- 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 (except for retirement), 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

<u>Years of Service</u>	<u>Annual Leave</u>
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 10 hours per month and employees may accumulate up to 500 hours for individual use and up to 1000 hours with the additional 500 hours for donation purposes only. 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 \$106,884,572.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.44 mills (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.

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

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 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 <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 		
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.

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

Types of Loss	Method of Management	Risk of Loss Retained
Employee <ul style="list-style-type: none"> • 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,

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

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 \$309,250, \$262,512, and \$225,864, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

9. Sales Tax

On November 2, 2004, the Seminole County voters approved the renewal of 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:

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

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

On November 7, 2006, the Seminole County voters approved an additional ½ percent sales tax for acquiring, constructing, equipping, repairing, renovating, operating, and maintaining County jail facilities; to pay the principal of and interest on indebtedness incurred on behalf of said County by The Seminole County Public Building Authority for such purposes; and any remainder for other County purposes expiring April 1, 2027.

On November 7, 2006, the Seminole County voters also approved a ¼ percent sales tax for funding for the fire departments in the following communities: Bowlegs, Cromwell, Konawa, Maud, Sasakwa, Seminole, Strother, and Wewoka. The revenues will be used for the general operation, maintenance, repair and purchase of equipment and training. The revenues will be divided equally between each department. This tax will have a five year limit beginning January 1, 2007.

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 496,867	\$ 496,867	\$ 493,867	(3,000)
Less: Prior Year Outstanding Warrants	(102,009)	(102,009)	(102,076)	(67)
Less: Prior Year Encumbrances	(11,892)	(11,892)	(10,762)	1,130
Beginning Cash Balances, Budgetary Basis	<u>382,966</u>	<u>382,966</u>	<u>381,029</u>	<u>(1,937)</u>
Receipts:				
Ad Valorem Taxes	1,014,432	1,014,432	1,067,592	53,160
Charges for Services	324,036	324,036	361,759	37,723
Intergovernmental Revenues	337,613	337,613	377,202	39,589
Miscellaneous Revenues	89,153	122,089	287,866	165,777
Total Receipts, Budgetary Basis	<u>1,765,234</u>	<u>1,798,170</u>	<u>2,094,419</u>	<u>296,249</u>
Expenditures:				
District Attorney	3,500	3,500	3,494	6
Total District Attorney	<u>3,500</u>	<u>3,500</u>	<u>3,494</u>	<u>6</u>
County Sheriff	302,756	302,756	300,528	2,228
Capital Outlay	2,000	2,000	425	1,575
Total County Sheriff	<u>304,756</u>	<u>304,756</u>	<u>300,953</u>	<u>3,803</u>
County Treasurer	102,998	102,998	102,021	977
Capital Outlay	1,500	1,500	1,500	
Total County Treasurer	<u>104,498</u>	<u>104,498</u>	<u>103,521</u>	<u>977</u>
County Commissioners	10,300	10,300	6,964	3,336
Total County Commissioners	<u>10,300</u>	<u>10,300</u>	<u>6,964</u>	<u>3,336</u>
OSU Extension	21,027	21,027	20,759	268
Capital Outlay	1	1		1
Total OSU Extension	<u>21,028</u>	<u>21,028</u>	<u>20,759</u>	<u>269</u>
County Clerk	150,029	150,029	149,036	993
Capital Outlay	1	1		1
Total County Clerk	<u>150,030</u>	<u>150,030</u>	<u>149,036</u>	<u>994</u>
Court Clerk	105,000	370,409	252,562	117,847
Total Court Clerk	<u>105,000</u>	<u>370,409</u>	<u>252,562</u>	<u>117,847</u>
County Assessor	115,518	117,681	112,744	4,937
Capital Outlay	1	1		1
Total County Assessor	<u>115,519</u>	<u>117,682</u>	<u>112,744</u>	<u>4,938</u>

continued on next page

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

**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, 2007**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	279,643	285,426	265,541	19,885
Capital Outlay	1	1		1
Total Revaluation of Real Property	<u>279,644</u>	<u>285,427</u>	<u>265,541</u>	<u>19,886</u>
District Court	265,409			
Total District Court	<u>265,409</u>	-	-	-
General Government	257,431	257,445	239,725	17,720
Total General Government	<u>257,431</u>	<u>257,445</u>	<u>239,725</u>	<u>17,720</u>
Excise-Equalization Board	4,500	4,500	3,117	1,383
Total Excise-Equalization Board	<u>4,500</u>	<u>4,500</u>	<u>3,117</u>	<u>1,383</u>
County Election Board	55,465	55,696	55,696	
Capital Outlay	1	1		1
Total County Election Board	<u>55,466</u>	<u>55,697</u>	<u>55,696</u>	<u>1</u>
Insurance	398,000	398,000	336,012	61,988
Total Insurance	<u>398,000</u>	<u>398,000</u>	<u>336,012</u>	<u>61,988</u>
Charity	500	500		500
Total Charity	<u>500</u>	<u>500</u>	-	500
County Audit Budget Account	10,689	10,689	10,689	
Total County Audit Budget Account	<u>10,689</u>	<u>10,689</u>	<u>10,689</u>	-
County Cemetery	49,930	74,675	32,321	42,354
Total County Cemetery	<u>49,930</u>	<u>74,675</u>	<u>32,321</u>	<u>42,354</u>
Free Fair Budget	12,000	12,000	11,896	104
Total Free Fair Budget	<u>12,000</u>	<u>12,000</u>	<u>11,896</u>	<u>104</u>
Provision for Interest on Warrants	-	-	1,260	(1,260)
Total Expenditures, Budgetary Basis	<u>2,148,200</u>	<u>2,181,136</u>	<u>1,906,290</u>	<u>274,846</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	569,158	<u>\$ 569,158</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			22,746	
Add: Current Year Outstanding Warrants			<u>135,646</u>	
Ending Cash Balance			<u>\$ 727,550</u>	

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, 2007**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 370,453	\$ 370,453	\$ 370,453	\$ -
Less: Prior Year Outstanding Warrants	(5,854)	(5,854)	(5,854)	
Less: Prior Year Encumbrances	(4,815)	(4,815)	(2,236)	2,579
Beginning Cash Balances, Budgetary Basis	<u>359,784</u>	<u>359,784</u>	<u>362,363</u>	<u>2,579</u>
Receipts:				
Ad Valorem Taxes	254,223	254,223	265,634	11,411
Miscellaneous Revenues		268	16,995	16,727
Total Receipts, Budgetary Basis	<u>254,223</u>	<u>254,491</u>	<u>282,629</u>	<u>28,138</u>
Expenditures:				
Health and Welfare	460,214	460,482	415,386	45,096
Capital Outlay	153,793	153,793	12,282	141,511
Total Expenditures, Budgetary Basis	<u>614,007</u>	<u>614,275</u>	<u>427,668</u>	<u>186,607</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	217,324	<u>\$ 217,324</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			179,750	
Add: Current Year Outstanding Warrants			7,422	
Ending Cash Balance			<u>\$ 404,496</u>	

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

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

Budgetary Schedules

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

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

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE 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, 2007, 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 June 26, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-3 and 2007-4 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-2.

Seminole County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Seminole 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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

June 26, 2008

**SEMINOLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 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 2007-1—Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation are important elements 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 2007-2—Grant Expenditures

Criteria: Title 69 O.S. § 1503 states, "All monies raised for use on the county highways in each county, or apportioned to each county for road purposes, from any source, including all funds and monies derived by law, levy, taxation or apportionment shall, unless otherwise provided by law, be placed in the county treasury in a fund to be known as the county highway fund, to be expended on order of the board of county commissioners on county highways as defined herein, or on state highways within their respective counties including the lighting thereof, if, in the judgment of the board of county commissioners, such expenditure would be just and equitable and for the best interest of the county."

Condition: Seminole County paid CDBG fairgrounds grant expenditures from the county highway account. When the CDBG fairgrounds grant funding was received, the county highway account was then reimbursed.

Effect: This condition resulted in unappropriated expenditures from a fund restricted for a specific purpose.

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

Recommendation: We recommend that Seminole County refrain from making these types of expenditures from the highway fund in the future.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings, and in the future will refrain from making these types of expenditures.

Finding 2007-3—Consumable Inventory (Repeat Finding)

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

Condition: Discrepancies were noted between Districts 1, 2 and 3 fuel logs when compared to the physical measurement of fuel. Also, variances were noted between District #3 consumable items stock cards balances compared to actual physical count.

<u>District</u>	<u>Variance Long(Short)</u>	<u>Details</u>
1	(2,776.3 gallons)	Diesel
1	(114 gallons)	Gas
2	59.78 gallons	Diesel
2	(53.40 gallons)	Gas
3	1.165 gallons	Gas
3	273.89 gallons	Diesel
3	1	Grader Blades
3	1	Grader Tires

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

Recommendation: We recommend that the County Commissioners investigate the discrepancies between the consumable records and the physical inventory of the 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 correct this issue.

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

Finding 2007-4—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, except the Election Board and the Court Clerk, 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 listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
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