

WASHINGTON COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007



COUNTY AUDIT



Oklahoma State Auditor
& Inspector

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

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

October 19, 2009

TO THE CITIZENS OF
WASHINGTON COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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

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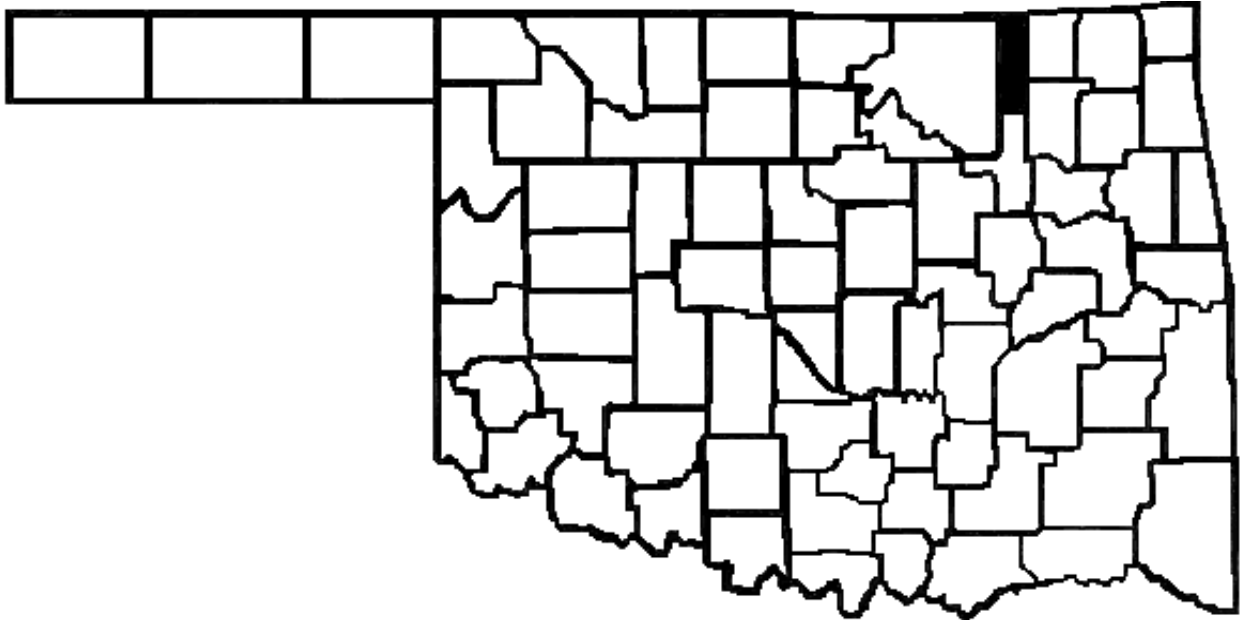
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**REPORT TO THE CITIZENS
OF
WASHINGTON COUNTY, OKLAHOMA**



Washington County was created at statehood and was named for President George Washington. Bartlesville, the county seat, was the site of the first commercial oil well in Oklahoma. The town of Dewey was the first in Oklahoma to have electric lights, water works and a telephone line.

County Seat – Bartlesville

Area - 424.15 Square Miles

County Population – 49,149
(2005 est.)

Farms – 847

Land in Farms – 222,882 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

COUNTY ASSESSOR
Todd Mathes

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
Marjorie Parrish

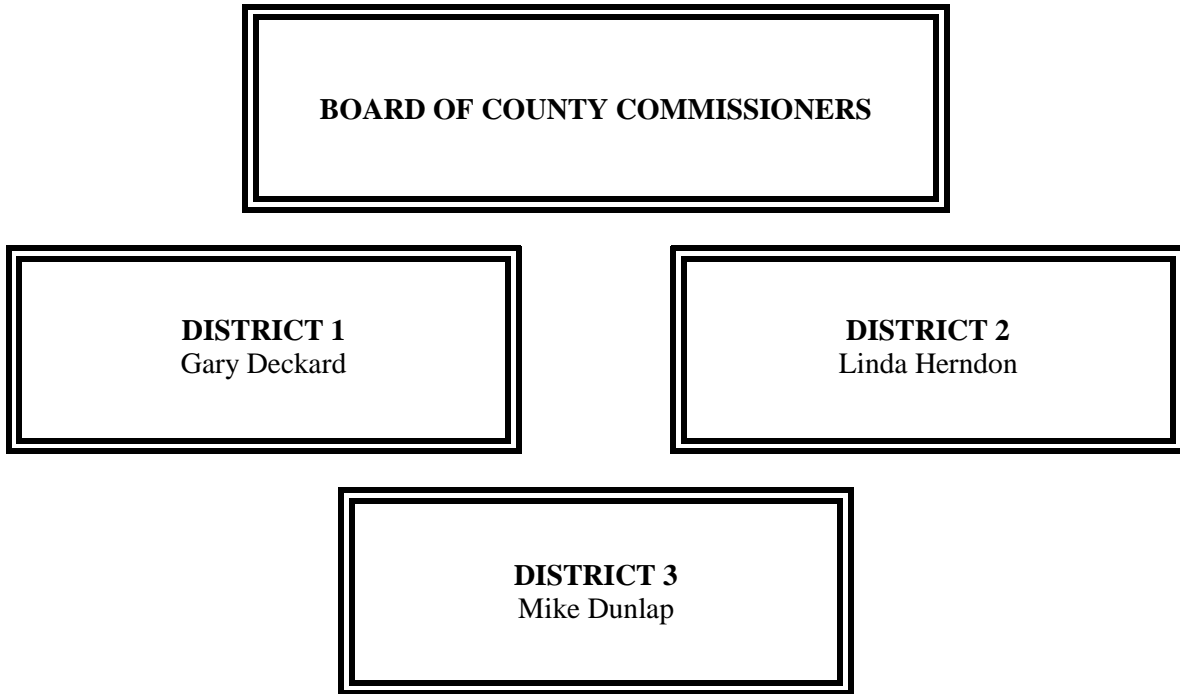
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**WASHINGTON 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.

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

COUNTY SHERIFF
Patrick Ballard

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
Stan Stevens

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.

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

COURT CLERK
Martha Mersch

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
Frederick S. Esser

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.

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

ELECTION BOARD SECRETARY
Brad Johnson

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.

**WASHINGTON 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>\$ 255,155,466</u>
Debt limit - 5% of total assessed value		12,757,773
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 12,757,773</u>

See independent auditor's report.

**WASHINGTON 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	49,149
Net assessed value as of January 1, 2006	\$ 255,155,466
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.

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

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2006	\$38,730,941	\$26,491,314	\$203,823,217	\$13,890,006	\$255,155,466	\$2,126,295,550

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF WASHINGTON COUNTY, OKLAHOMA

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

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Washington County as of June 30, 2007, or changes in its financial position for the year then ended.

We were unable to obtain sufficient audit evidence to corroborate management's assertion about pending litigation.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding pending litigation, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Washington 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 July 27, 2009, on our consideration of Washington 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 combining information 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. Washington County has not presented budgetary comparison information for the Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund and Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund. Although not a part of the basic financial statement, such information is an integral part of the regulatory presentation for county government. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 27, 2009

Basic Financial Statement

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

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 1,743,194	\$ 6,574,901	\$ 6,324,935	\$ 1,993,160
T-Highway	655,026	2,234,104	2,364,953	524,177
EOC HMEP	3,245	2,534	3,717	2,062
Reward Fund	944			944
Sheriff Service Fees	392,571	210,227	313,343	289,455
Sheriff Lake Fees	3,951	5,446	4,368	5,029
Treasurer Mortgage Certification Fees	17,565	15,125	20,729	11,961
County Clerk Lien Fees	35,550	19,045	33,900	20,695
Elderly Watch	168			168
Washington Co. Health Dept. Old	498			498
Washington Co. Health Dept.	746,417	643,127	766,291	623,253
Resale Account	164,395	162,968	160,866	166,497
Trash Cop	150			150
Safe Room Grant	3			3
Cops Grant	110			110
Insurance Reimbursement	(293)			(293)
Assessor Visual Inspection	15,123	5,859	625	20,357
DARE Program	12,952	1,928	1,488	13,392
Emergency 911	12,958	878	1,399	12,437
Board of Prisoners	45,375	22,881	35,214	33,042
Sheriff Tax Warrants	2,777			2,777
Sheriff Commissary	39,352	119,000	124,041	34,311
Equipment Grants	2,417	4,225	6,680	(38)
Forestry Grant	11,950	15,197	8,056	19,091
STOP Grant	5,611			5,611
Emergency Operations Service	47,233	48,978	69,258	26,953
State Grant	413			413
Cops in Schools	635			635
County Clerk Preservation	55,130	66,320	24,777	96,673
County Use Tax	6,582			6,582
Community Service Sentencing Program	148	73		221
Combined Total--All County Funds	\$ 4,022,150	\$ 10,152,816	10,264,640	\$ 3,910,326

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

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

B. Fund Accounting

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

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

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

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

EOC HMEP - revenues are from an environmental protection grant. Disbursements are for the controlling of hazardous materials.

Reward Fund – revenues are from a state grant and monies collected from fines. Disbursements are to prevent the dumping of trash throughout the County.

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

Sheriff Lake Fees – revenues are from the Corps of Engineers. Disbursements are for the expense of patrolling Corps islands.

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

Treasurer Mortgage Certification 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 Fees - accounts for lien collections and disbursements as restricted by statute.

Elderly Watch – balance of federal grant received to prevent crimes against the elderly.

Washington County Health Department Old – an old fee account that is no longer being used by the Health Department.

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

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

Trash Cop - accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Safe Room Grant – revenues are from federal grants for tornado shelters. Disbursements are to individuals who have complied with their grant requirements for the construction of a tornado shelter.

Cops Grant – balance of federal grant received for the payroll of Sheriff's officers.

Insurance Reimbursement – revenues are from an insurance claim. Disbursements are for the repair of the damaged property.

Assessor Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-evaluation of all county property for ad valorem purposes.

DARE Program – revenues are from a federal grant and donations for drug education. Disbursements are for payroll of drug officers who go into schools and teach Drug Abuse Resistance Education.

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

Board of Prisoners – revenues are from fees charged for boarding prisoners of non-county entities in the county jail. Disbursements are for feeding and housing inmates of the county jail.

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

Sheriff Tax Warrants – revenues are from various government entities for the service of tax warrants. Disbursements are for the lawful operation of the Sheriff’s office.

Sheriff Commissary - revenues are from profits on commissary sales in the county jail. Disbursements are for jail improvements.

Equipment Grants – revenues are from a Department of Justice grant. Disbursements are for the purchase of Sheriff’s equipment. The County uses a “letter of intent” to appropriate money and encumber funds.

Forestry Grant - revenues are from a state grant. Disbursements are for firefighting services.

STOP Grant – revenues are from a Department of Justice grant. Disbursements are for violence prevention by the Sheriff’s office.

Emergency Operations Services – accounts for the collection and disbursement of monies used for any civil defense expenses.

State Grant – revenues are from the State of Oklahoma. Disbursements were for REAP projects.

Cops in School – revenues are from a federal grant. Disbursements are for more police presence in area schools.

County Clerk Preservation – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

County Use Tax – revenues are from a sales tax charged to out-of-county vendors on in-county sales. Disbursements are for any legal expense of the County.

Community Service Sentencing Program – remaining balance of state funds for the community service sentencing program. The program is now administered by the court.

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. Any trust or agency funds maintained by the County are not included in this presentation.

C. Basis of Accounting

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting

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

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

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

E. Cash

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

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

F. Investments

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System

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

- 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

All full-time Washington County employees shall be entitled to vacation leave that is accrued on a yearly basis in accordance with the schedule outlined below and must be earned before used:

Years of Service	Vacation Leave
1-5 years	2 weeks
5-10 years	3 weeks
10-20 years	4 weeks
Over 20 years	5 weeks

Sick leave benefits are accrued at the rate of one day for each calendar month of service. Employees may accrue up to 120 days of sick leave. 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 \$255,155,466.

The County levied 10.00 mills (the legal maximum) for general fund operations and 2.5 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.

**WASHINGTON 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 96.8 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.

**WASHINGTON 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 participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

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

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

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

5. Long-term Obligations

Capital Leases

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

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

6. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$446,001, \$380,137, and \$314,228, 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 any lawsuit is not presently determinable, in management's opinion, the resolution of any matters would not have a material adverse effect on the financial condition of the County.

OTHER SUPPLEMENTARY INFORMATION

**WASHINGTON COUNTY, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and County Health Department Fund have not been presented. Therefore, the legally adopted budget cannot be compared with actual data for the General Fund and the County Health Department Fund.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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

TO THE OFFICERS OF
WASHINGTON COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Washington County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Washington County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 27, 2009. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Further, Washington County has not presented budgetary comparison information for the General Fund and the County Health Department Fund that should have been included as supplementary information. Except for a scope limitation on the gathering of corroborating evidence relating to management's assertions about pending litigation, 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 Washington County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there

is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-2, 2007-3, 2007-4, 2007-5, 2007-6, 2007-7, 2007-8, 2007-9, 2007-11, and 2007-12 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 and 2007-2 to be material weaknesses.

Compliance and Other Matters

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

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

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

This report is intended solely for the information and use of Washington County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 27, 2009

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

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

Finding 2007-1 - Segregation of Duties (Repeat Finding)

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

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

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

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions:

Washington County Treasurer

I, Brad Johnson, was not the County Treasurer during the time period covered by this audit. We are aware of the potential risks relating to the segregation issues; however, budget restraints prohibit the employing of additional personnel to alleviate completely the internal control concerns.

Washington County Sheriff

Because of our limited amount of staff and budget constraints it is difficult to properly segregate duties; however, in an attempt to do so we will continue to increase our knowledge on current office procedures and review operations on a frequent basis to ensure checks and balances. Having just taken office in October, the Under Sheriff and I are making every effort to educate ourselves on all aspects of the operation of the Sheriff's Department and the Jail.

Finding 2007-2 – Estimate of Needs

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

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

Condition: The original approved Estimate of Needs filed by the County was calculated using the wrong net valuation, contained a cash account within the general fund, and the actual receipts and disbursements did not reconcile to the County's financial statements. Additionally, the budget for the health fund was not balanced and health fund warrants issued were incorrectly classified as reserves.

Effect: The Estimate of Needs should be an accurate reflection of the amount of money received and disbursed in one year, in order to effectively budget the receipts and disbursements for the upcoming year by fund for each office. If the amounts are noted incorrectly, it is impossible to ensure County officials have the correct information for budgeting purposes, which could result in the County misappropriating funds and/or the overspending of funds.

Recommendation: OSAI recommends the Estimate of Needs be prepared accurately. Prior to receiving the final budget all officials should review their appropriate funds before the final budget is printed. This will enable the County to have an accurate picture of the receipts and disbursements for budgeting purposes.

Views of responsible officials and planned corrective actions: I, Brad Johnson, was not the County Treasurer during the time period covered by this audit. Washington County now employs a Budget Maker who assists us in assuring that the Estimate of Needs is prepared properly.

Finding 2007-3 - Negative General Ledger Balances (Repeat Finding)

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as verifying that there is sufficient cash on hand prior to registering warrants, are deficiencies in internal control.

Condition: There were instances throughout the fiscal year where the general ledger had negative balances, indicating warrants were issued and paid without cash being available in the respective funds. Two funds had negative balances at fiscal year end.

Effect: This condition results in issuing warrants without available funds.

Recommendation: OSAI recommends the County Treasurer verify cash is available in the fund prior to the registration of any warrants, and if money is not available, the warrants should be endorsed as non-payable.

Views of responsible officials and planned corrective actions: I, Brad Johnson, was not the County Treasurer during the time period covered by this audit. An ongoing effort continues in correcting variances such as these. It should be noted that the Treasurer's office on more than one occasion has requested guidance and advice from SA&I in correcting this situation, but has received no instruction.

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

OSAI Response: Management is responsible for the preparation and fair presentation of the financial statement. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error. Our responsibility is to express an opinion on the consolidated financial statement based on our audit. During the exit conference on July 27, 2009, with the County Treasurer, OSAI discussed the variances and suggested the Treasurer correct the variances for which he had supporting documentation. Any variances which could not be identified, OSAI recommended the Treasurer contact the District Attorney for guidance.

Finding 2007-4 - Collections

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure proper accounting of funds, monthly collection reports should agree to annual collections reports, a reconciliation of collections should be performed, and a reconciliation of collections to apportionments should also be performed.

Additionally, 68 O.S. § 2923 states that at the end of each calendar month the County Treasurer shall apportion all collections for the month and distribute the same amount to the different funds to which they belong.

Condition: Based on test work performed, the following exceptions were noted:

- The annual collection summary did not agree to the total amount reported on the monthly summaries.
- The amount reported on the annual collection summary can change upon a later reprint of the report.
- Assessment refunds in February 2007 exceeded the total collections for millage district 10070, which resulted in a negative collection amount of \$18,619.23.
- Total collections in March 2007 were apportioned to millage district 10070, which results in the school districts not receiving the correct amount for the month.
- The annual collection summary reported an additional amount of collections for March 2007 in the amount of \$18,363.20; this amount was not reported on the monthly collections report, which results in the error not being detected.
- The June 2007 apportionment was reduced by \$1,976.49; there was not supporting documentation for this reduction.

Effect: This condition could result in inaccurate reporting of collections and inadequate apportionment.

Recommendation: OSAI recommends management take the necessary steps to ensure ad valorem collections and apportionments are true and accurate. Greater emphasis should be placed on the reviewing of apportionments, and collections should be monitored to ensure all collections are accurately reported.

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

Views of responsible officials and planned corrective actions: I, Brad Johnson, was not the County Treasurer during the time period covered by this audit. The tax collection system for Washington County has been changed effective for the 2008 tax year. Collections and Appropriations are accurately accounted for.

Finding 2007-5 – Monthly Reports

Criteria Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure proper accounting of funds, monthly reports should agree to general ledger balances.

Condition: There were instances throughout the fiscal year where the Treasurer's monthly balances did not agree to the general ledger balances due to prior year ad valorem not being presented on the monthly reports.

Effect: By not ensuring monthly report balances by fund and in total reconcile to the general ledger, the County could be at risk for misappropriation of funds.

Recommendation: OSAI recommends the County Treasurer take steps to ensure that the Treasurer's Monthly Report agrees to the Treasurer's General Ledger by fund and in total.

Views of responsible officials and planned corrective actions: I, Brad Johnson, was not the County Treasurer during the time period covered by the audit. The Treasurer's Monthly Report is now balanced to the General Ledger on a monthly basis.

Finding 2007-6 – Tax Collection Summary

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. The county treasurer shall prepare and maintain a tax collection summary at June 30 for the preceding tax year.

Condition: A tax collection summary, which reports the original tax roll amount for each school district, tax roll corrections, total collections, uncollected taxes, and percent of taxes collected was not prepared by the Treasurer's office.

Effect: The County may not be able to appropriately monitor ad valorem tax collections by school district.

Recommendation: We recommend that management continue to work with the computer programmer to ensure that a detailed tax collection summary by school district is prepared by June 30 for the preceding tax year.

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

Views of responsible officials and planned corrective actions: I, Brad Johnson, was not the County Treasurer during the time period covered by the audit. With the new tax collection system, which was introduced for the 2008 tax year, all collections are tracked by school district and reports available.

Finding 2007-7 – Certified Taxes

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure proper accounting of funds, the Assessor's original tax roll amounts should reconcile to the Treasurer's tax roll amounts once the tax rolls have been approved by the Board and recorded in the Treasurer's system.

Condition: The Assessor's original certified amount of taxes does not agree with the Treasurer's certified amount, and there is a variance of \$202.11.

Effect: The County could be at risk of undetected errors and in some instances could result in misappropriation of funds.

Recommendation: We recommend the County Treasurer take steps to ensure that the Treasurer's Tax Roll report is reconciled to the Assessor's original certified tax roll.

Views of responsible officials and planned corrective actions: I, Brad Johnson, was not the County Treasurer during the time period covered by the audit. Effective for the 2008 Tax Year, the Treasurer's Tax Roll report is reconciled to the Assessor's original tax roll on a monthly basis.

Finding 2007-8 – Timesheets and Leave Balances (Repeat Finding)

Criteria: Effective accounting procedures include the preparation of timesheets, review of timesheets for accuracy, and timesheets be filed with the payroll department prior to payroll checks being issued. Payroll claims should be reviewed and signed by each officer to verify that payroll is accurate. The Fair Labor Standards Act requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid, as well as other leave earned and taken during the pay period.

Condition: While performing tests of payroll, OSAI noted the following:

1. The Sheriff's Office is turning in payroll claims without proper signatures or authorization.
2. The Free Fair Department is not maintaining any leave records.

Effect: These conditions could result in officials paying employees for hours not worked, inaccurate leave balances, or misappropriation of funds.

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

Recommendation: OSAI recommends each county office maintain records of time worked, overtime worked, compensatory time accrued, other personal leave accrued, and the leave taken during the pay period. Additionally, the official or designee, who has personal knowledge of the employee's work, should approve the time record for each employee.

Views of responsible officials and planned corrective actions: In October of 2008, I took office as Sheriff for Washington County. Shortly after that I was made aware of how time was being kept for Washington County Sheriff's Department employees. We now have daily time sheets that are filled out by each employee and then verified by a supervisor for that particular shift or Department. Once the time sheets are completed for the pay period by each employee they are then reviewed by staff and sent to payroll for verification of days worked, vacation, sick time, etc.

Finding 2007-9 – Encumbrances (Repeat Finding)

Criteria: Statutory control procedures have been established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for maintenance, operation, and capital expenditures of county government.

Title 19 O.S. § 1505.C.2 states:

The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Title 19 O.S. § 1505.C.3 states in part:

...In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.

Condition: OSAI noted two instances out of 65 purchase orders tested, where goods or services were either ordered and/or received prior to encumbering monies.

1. Sheriff's Office – Purchase Order # 73631
2. Assessor's Office – Purchase Order #72220, which also did not have supporting documentation

These transactions made after the ordering and/or receiving of goods or services totaled \$824.20.

Effect: When the official does not properly encumber funds, purchasing controls are not effective with regard to the determination of funds being available for expenditures.

Recommendation: OSAI recommends funds be encumbered prior to the ordering and/or receiving of goods and services as set forth in 19 O.S. § 1505.C.

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

Views of responsible officials and planned corrective actions: It was brought to our attention during the review of this audit that there were instances where funds were not being encumbered before goods were being order or received. I was told by staff that there are occasions where this has happened and they were told by the County Clerk's office this was okay. Since meeting with the Auditors and being made aware of this we will stop this practice and make every attempt to get a purchase order encumbered prior to ordering or receiving goods unless it is an emergency that would prevent this from happening.

Finding 2007-11 – Reconciliations

Criteria: Goals of effective internal control are to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, a reconciliation should be performed monthly between the Treasurer's warrant register and the County Clerk's warrant register and appropriation ledger.

Condition: Based on test work performed, it appears reconciliations are not being performed and maintained between the Treasurer's warrant register and the County Clerk's warrant register and appropriation ledger.

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

Recommendation: OSAI recommends the County Treasurer and the County Clerk begin reconciling on a monthly basis in order to verify all warrants are properly posted, cancelled warrants are identified, and paid warrants are recorded.

Views of responsible officials and planned corrective actions:

Washington County Treasurer

I, Brad Johnson, was not the County Treasurer during the time period covered by this audit. Effective at the beginning of FY 2008-09, the Treasurer and County Clerk balance their respective warrant registers with each other.

Finding 2007-12 – Official Depository Reconciliations

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure proper accounting of funds, all county officers should reconcile their official depository accounts to the County Treasurer on a monthly basis.

Condition: Based on test work performed, it appears the County Treasurer, the County Court Clerk, and the County Sheriff are not reconciling their official depository accounts to the County Treasurer's official depository balance.

Effect: By not performing reconciliations, these offices and officials increase the possibility of errors going undetected and the misappropriation of funds.

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

Recommendation: OSAI recommends all officers and or department heads reconcile their official depository accounts to the County Treasurer on a monthly basis and that reconciliations be reviewed and approved by someone other than the preparer.

Views of responsible officials and planned corrective actions:

Washington County Sheriff

It is recommended by OSAI staff that all official depository accounts to the County Treasurer be reconciled on a monthly basis and be reviewed by someone other than who prepared them. The Sheriff's Department will begin to implement a procedure to do this to the best of our ability.

Washington County Treasurer

I, Brad Johnson, was not the County Treasurer during the time period covered by this audit. Official Depository accounts associated with the Treasurer's office are balanced and reconciled on a monthly basis and approved by the Treasurer.

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2007-10 – Inventory Records

Criteria: 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 thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener..."

Condition: While performing test work, it was determined that inventory records for equipment for Districts 1, 2, and 3, Sheriff, and Emergency Management were inaccurate and incomplete.

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

DISTRICT 1

INVENTORY ITEMS NOT ON LIST BUT VISUALLY VERIFIED

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-302.165	2007 STERLING	2FZHAZCG47A Y48025		
D-304.167	J.D. TRACTOR 6415	L06415B527546/3780	6/18/2007	\$ 87,455.33
D-326.193	BOMAG ROLLER			
D-325.105	SAND/SALT SPREADER	8015705		
D-432.104	POT HOLE PATCHER			

INVENTORY ITEMS JUNKED OR TRASHED BUT STILL LISTED ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-219.101	COPIER	400408	1/29/1990	\$ 878.00
D-219.102	COPIER	T477226	11/2/1992	\$ 17,049.65
D-320.194	ROLLER	25577J	1/16/1995	\$ 1,600.00
D-320.197	VIBRATORY ROLLER	405	10/17/1995	\$ 21,500.00
D-406.101	COMPRESSOR & STARTER	810005	4/23/1991	\$ 1,100.00
D-420.102	TRASH PUMP	GC044002642	5/19/2000	\$ 1,199.00
D-612.101	ICE MACHINE	930961233	4/12/1993	\$ 1,531.00

INVENTORY ITEMS UNABLE TO LOCATE

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-330.106	POWER PRUNER	38699	12/1/1994	\$ 648.00

INVENTORY ITEMS SOLD BUT STILL ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-356.195	HYDRALIC EXCAVATO	E6192289	11/22/1999	\$ 114,692.00

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

DISTRICT 2

INVENTORY ITEMS NOT ON LIST BUT VISUALLY VERIFIED

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-301.22	99 DODGE 3/4 TON	3B6KC26ZZXM569719		
D-302.251	INT DUMP	1HTWHAAR83J056940		
D-302.253	INT DUMP	1HTWHAARX3J056941		
D-302.254	FREIGHTLINER	1FUVDSEB1YPF41070		
D-302.261	INT VACUUM TRUCK	1HTLAZPM8KH541022		
D-302.262	STERLING DUMP	2F2HAZCV69AAK0546		
D-307.278	GROPER	770CH		
D-432.202	CRAF PATCHER	1C9AF162251418248		
D-441.208	J.D. BRUSH HOG	W0CX1SE004526		

INVENTORY ITEMS JUNKED OR TRASHED BUT STILL LISTED ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-219.201	COPIER	NTC19006	11/11/1992	\$ 786.84
D-302.223	CAB & CHASSIS	1HTAA18E7BHB23991	8/16/1982	\$ 13,197.54
657	TRAILER	74-102	6/9/1973	\$ 450.00

INVENTORY ITEMS SOLD BUT STILL ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-301.200	FORD PICK UP	1FT3F15N8RNA86482	3/21/1994	\$ 11,564.10

DISTRICT 3

INVENTORY ITEMS JUNKED OR TRASHED BUT STILL LISTED ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
D-612.304	ICE MACHINE			
D-612.303	BIN			

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

SHERIFF

INVENTORY ITEMS NOT ON LIST BUT VISUALLY VERIFIED

Code #	Name of Item	Serial Number	Date Acquired	Cost
	TOSHIBA COPIER 282	CUK621936		
	SAMSUNG FAX	BACY508901K		
	SAMSUNG FAX	8E61BAJP208720E		
461	CHEVY TRUCK	2GCEK13Z971172929		
460	CHEVY TRUCK	2GCEK13ZX71183146		

INVENTORY ITEMS JUNKED OR TRASHED BUT STILL LISTED ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
B220.01	FAX MACHINE	U56359D9915Z142	6/11/1999	\$ 499.00

EMERGENCY MANAGEMENT

INVENTORY ITEMS NOT ON LIST BUT VISUALLY VERIFIED

Code #	Name of Item	Serial Number	Date Acquired	Cost
	JEEP CHEROKEE	1J4FF58511L542486		
	CIMMARON TRAILER	5PACB20237C005062		
	07 CHEVY K-2500	1GCHK23K47F543980		

DUPLICATE ITEMS ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
K-301.06	FORD F 250 PU	1FTNX21L7MA63701	10/24/2006	\$ 7,700.00
K-301.07	3/4 TON PICK UP 4X4 RES	1FTNX21L7MA63701	9/6/2005	\$ 18,046.40

INVENTORY ITEMS RETURNED TO FORESTRY BUT STILL ON INVENTORY

Code #	Name of Item	Serial Number	Date Acquired	Cost
K-347.01	VAN	1GCFP22J1E3338343	11/26/1996	\$ 14,000.00

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

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record. OSAI also recommends management present an annual inventory listing to the Board of County Commissioners to be filed with the County Clerk's Office.

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

Views of responsible officials and planned corrective actions: It was discovered during this audit that the Sheriff's Department has not been keeping accurate inventory records. Since October 1st when I took office we have been working on the equipment inventory for the Sheriff's Department and we will have accurate inventory recordings from this point on. We will present an annual inventory report to the office of the County Commissioners and we will add items of inventory as they are accumulated as well as remove items as they are sold, traded, or disposed of.

Finding 2007-13 – Consumable Inventory Records

Criteria: Title 19 O.S. § 1502 prescribes the procedures to be used to account for supplies and materials used in the construction and maintenance of roads and bridges. Additionally, the goal of accounting principles is to demonstrate accountability and stewardship. To ensure proper accounting of consumable assets, consumable item records should be accurately maintained, updated in a timely manner, and reconciled to physical count.

Condition: During test work of consumable inventory items, OSAI noted the following:

1. District 1 and 2 do not maintain consumable inventory records.
2. District 3 does not have accurate consumable inventory records.
3. District 1, 2, and 3 do not reconcile fuel logs to actual fuel on hand.
4. District 3 does not prepare transfer documents for consumable items removed from stock.

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

Recommendation: OSAI recommends consumable records be updated to accurately reflect inventories on hand, records be maintained perpetually, and proper documents be prepared to account for transfers.

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



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