

**WASHITA COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2003**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

July 29, 2004

TO THE CITIZENS OF  
WASHITA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washita County, Oklahoma, for the fiscal year ended June 30, 2003. 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 serve the public interest by providing independent oversight and to issue 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 black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**WASHITA COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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**WASHITA COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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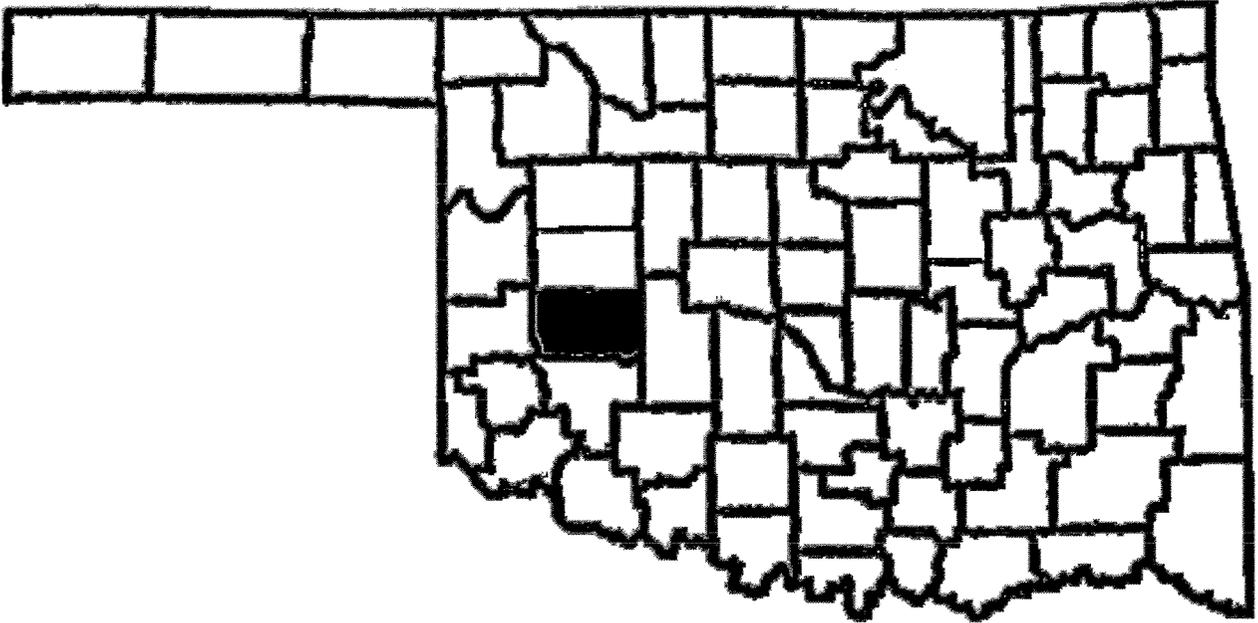
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**REPORT TO THE CITIZENS  
OF  
WASHITA COUNTY, OKLAHOMA**

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Part of the Cheyenne-Arapaho lands opened to settlement in the Land Run of April 19, 1892, this area was settled originally in 1886, when a white man named John M. Seger and 500 Indians left the old Cheyenne-Arapaho Agency at Darlington, near El Reno, and established a colony on the banks of Cobb Creek. This settlement was on the site of present-day Colony in eastern Washita County.

Designated as County "H," it was named Washita after the Washita River, and is derived from two Choctaw words meaning "big hunt." Washita County has ranked as one of Oklahoma's leading agricultural counties, and later the Anadarko Basin made it famous for oil and gas production.

County Seat - Cordell

Area - 1003.5 Square Miles

County Population - 11,508  
(2000 est.)

Farms - 994

Land in Farms - 585,851 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**WASHITA COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**

Janie Batt Bellah  
(D) Cordell

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**

Marita McKee  
(D) Cordell

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.

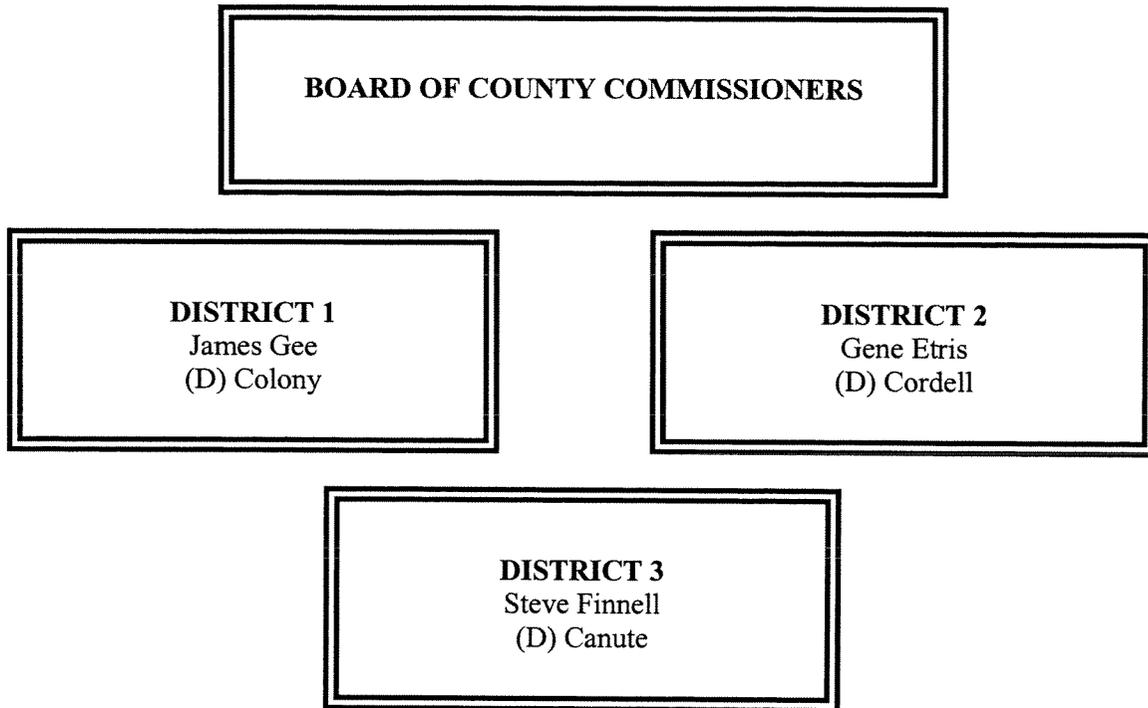
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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.

**WASHITA COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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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.

**WASHITA COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**

Ron Mazurek  
(D) Cordell

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**

Byron Gore  
(D) Gotebo

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.

**WASHITA COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Tena Arganbright  
(D) Cordell

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**  
Dennis Smith  
(D) Clinton

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.

**WASHITA COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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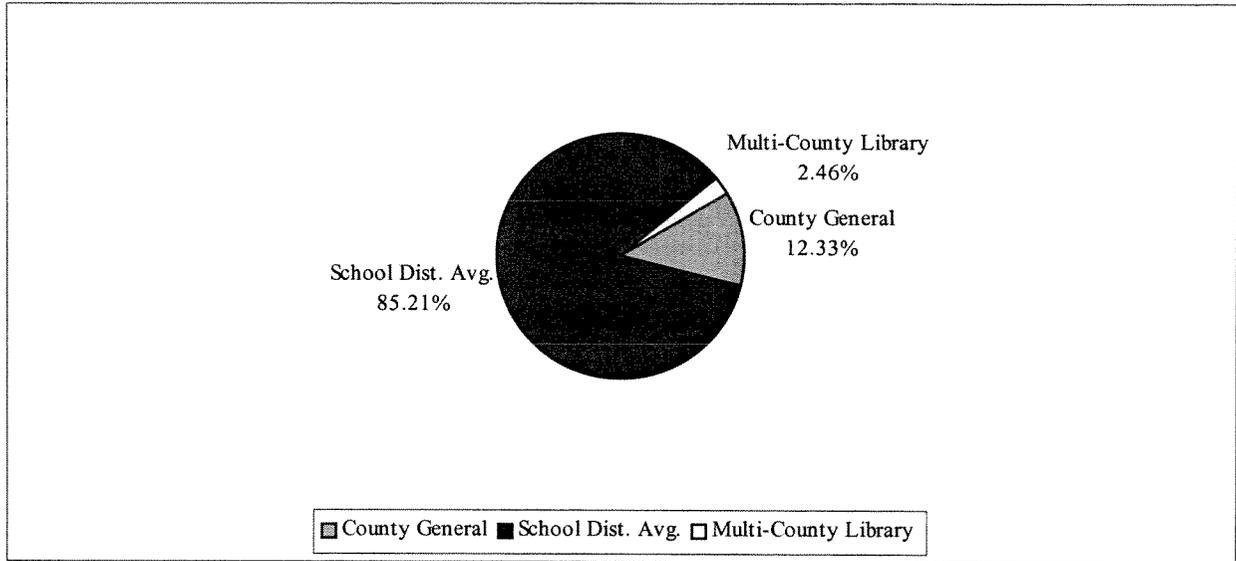
**ELECTION BOARD SECRETARY**  
June Wesner  
(D) Cordell

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.

**WASHITA COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE**

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						
Co. General						Technology		
Multi-Co. Library		Gen.	Bldg.	Skg.	Center	Common	Total	
10.41								
2.08								
	Cordell	I-1	36.21	5.17	7.53	15.50	4.16	68.57
	Burns Flat-Dill City	I-10	35.97	5.14	10.36	15.47	4.16	71.10
	Canute	I-11	35.82	5.12		15.45	4.16	60.55
	Sentinel	I-78	36.52	5.22	25.48	15.55	4.16	86.93
	Washita Heights	I-9	38.02	5.43	5.03	5.43	4.16	58.07
	Mt. View-Gotebo	J-003	36.95	5.28		15.80	4.16	62.19
	Merritt	J-11	36.54	5.22	20.93	15.74	4.16	82.59
	Elk City	J-2	35	5.00	12.17	15.33	4.16	71.66
	Carnegie	J-26	36.18	5.17	33.03	15.50	4.16	94.04
	Eakly	J-33	36.28	5.18		15.70	4.16	61.32
	Weatherford	J-6	36.53	5.22	13	15.55	4.16	74.46
	Clinton	J-99	35.94	5.13	10.92	15.46	4.16	71.61

See independent auditor's report.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
WASHITA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Washita County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Washita County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Washita County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Washita County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Washita County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2004, on our consideration of Washita County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

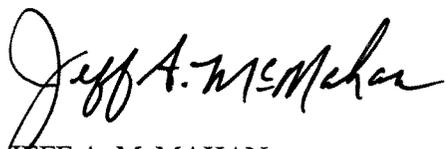
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Washita County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 26, 2004

**Special-Purpose Financial Statements**

**WASHITA COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED, JUNE 30, 2003**

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General	\$ 674,096	\$ 1,277,259	\$ 1,303,617	\$	\$ 647,738
Highway Cash	4,889,075	5,286,704	5,433,721		4,742,058
Homeland Security		6,263			6,263
County Health Department	11,239				11,239
Resale Property	45,472	28,331	10,651		63,152
Treasurer Mortgage Tax Certification Fee	8,915	5,887	8,349		6,453
County Clerk Lien Fees	21,938	20,544	10,788		31,694
County Clerk Record's Preservation Fee	29,226	34,275	9,457		54,044
Assessor Revolving	2,351	3,354	2,597		3,108
Assessor Visual Inspection	1,569				1,569
Assessor Hardware Upgrade	45				45
Sheriff Service Fee	109,887	80,426	90,700		99,613
Sheriff Department of Corrections	1,335				1,335
Sheriff Training	1,559				1,559
Sheriff Estray Cattle	272	893	454		711
Community Sentencing Service Program	87,638	49,334	33,080		103,892
Emergency Fund		10,963	10,896		67
County Insurance Building Fund	451				451
County Sales Tax Proceeds	127,504	189,000	151,313		165,191
CENA Grant	3,546		3,546		
Canute Transportation Bond		150,000	30,865		119,135
Canute Building Bond		250,000			250,000
Washita County Industrial Sinking	1,200				1,200
Washita County Industrial Sinking Chicken Plant	5,795	11			5,806
Schools	727,951	5,492,538	5,458,534		761,955
I-11 Insurance	11,740				11,740
Cities and Towns	8,754	130,896	131,259		8,391
Law Library	3,036	18,381	18,232		3,185
County Library	879	134,105	134,517		467
Court Clerk Investment	1,208				1,208
Court Clerk Encumbrance Fund	18,070	220	18,290		
Excess Resale	209				209
Protest Tax		58,780	58,780		
Protest Tax Investment	454,507	102,574	473,576		83,505
Protest Tax Sinking	8,784	3,832	9,942		2,674
Advance Taxes	5,962	6,091	6,744		5,309
Fair Building	51,330	758,892	164,051		646,171
Official Depository Investment	7,127	2,043			9,170
Official Depository	207,556	1,434,540	1,419,725	2,362	224,733
<b>Total County Funds</b>	<b>\$ 7,530,226</b>	<b>\$ 15,536,136</b>	<b>\$ 14,993,684</b>	<b>\$ 2,362</b>	<b>\$ 8,075,040</b>

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

**WASHITA COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 674,096	\$ 674,096	\$ 674,096	\$ -
Less: Prior Year Outstanding Warrants	(80,487)	(80,487)	(80,108)	379
Less: Prior Year Encumbrances	(74,511)	(74,511)	(61,039)	13,472
Beginning Cash Balances, Budgetary Basis	<u>519,098</u>	<u>519,098</u>	<u>532,949</u>	<u>13,851</u>
Receipts:				
Ad Valorem Taxes	583,414	583,414	668,946	85,532
Sales Tax	103,916	103,916	239,911	
Charges for Services	83,624	83,624	101,385	17,761
Intergovernmental Revenues	102,000	102,000	152,017	50,017
Miscellaneous Revenues	30,000	30,000	115,000	85,000
Total Receipts, Budgetary Basis	<u>902,954</u>	<u>902,954</u>	<u>1,277,259</u>	<u>374,305</u>
Expenditures:				
District Attorney	750	750	750	
Capital Outlay				
Total District Attorney	<u>750</u>	<u>750</u>	<u>750</u>	<u>-</u>
County Sheriff	488,760	485,355	478,459	6,896
Capital Outlay	2,000	5,405	5,403	2
Total County Sheriff	<u>490,760</u>	<u>490,760</u>	<u>483,862</u>	<u>6,898</u>
County Treasurer	108,456	108,456	107,616	840
Capital Outlay				
Total County Treasurer	<u>108,456</u>	<u>108,456</u>	<u>107,616</u>	<u>840</u>
County Commissioners	37,152	42,652	42,652	
Capital Outlay	30,000	30,000		30,000
Total County Commissioners	<u>67,152</u>	<u>72,652</u>	<u>42,652</u>	<u>30,000</u>
County Clerk	178,814	178,814	178,039	775
Capital Outlay				
Total County Clerk	<u>178,814</u>	<u>178,814</u>	<u>178,039</u>	<u>775</u>
Court Clerk	81,334	81,334	80,706	628
Capital Outlay				
Total Court Clerk	<u>81,334</u>	<u>81,334</u>	<u>80,706</u>	<u>628</u>
County Assessor	94,392	92,792	89,077	3,715
Capital Outlay		1,600	1,493	107
Total County Assessor	<u>94,392</u>	<u>94,392</u>	<u>90,570</u>	<u>3,822</u>
Revaluation of Real Property	83,525	83,525	71,411	12,114
Capital Outlay				
Total Revaluation of Real Property	<u>83,525</u>	<u>83,525</u>	<u>71,411</u>	<u>12,114</u>
District Court	2,500	2,500	765	1,735
Capital Outlay				
Total District Court	<u>2,500</u>	<u>2,500</u>	<u>765</u>	<u>1,735</u>
General Government	212,172	221,472	220,178	1,294
Capital Outlay	47,000	3,700	3,311	389
Total General Government	<u>259,172</u>	<u>225,172</u>	<u>223,489</u>	<u>1,683</u>

continued on next page

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

**WASHITA COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Excise-Equalization Board	6,180	6,180	4,278	1,902
Capital Outlay				
Total Excise-Equalization Board	6,180	6,180	4,278	1,902
County Election Board	55,472	55,212	48,901	6,311
Capital Outlay	100	360		360
Total County Election Board	55,572	55,572	48,901	6,671
Total Insurance	4,280	4,280	4,280	-
Highway Budget	30,000	11,500	11,166	334
Capital Outlay				
Total Highway Budget	30,000	11,500	11,166	334
Total County Audit Budget	6,165	6,165	6,165	-
Total Expenditures, Budgetary Basis	1,422,052	1,422,052	1,354,650	67,402
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	455,558	\$ 455,558
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			106,525	
Add: Current Year Outstanding Warrants			85,655	
Ending Cash Balance			\$ 647,738	

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

**WASHITA COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES – BUDGET AND ACTUAL  
COUNTY HEALTH DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 11,239	\$ 11,239	\$ 11,239	\$ -
Less: Prior Year Outstanding Warrants				
Less: Prior Year Encumbrances				
Beginning Cash Balances, Budgetary Basis	<u>11,239</u>	<u>11,239</u>	<u>11,239</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes				
Miscellaneous Revenues				
Total Receipts, Budgetary Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Health and Welfare	1,239	11,239		11,239
Total Expenditures, Budgetary Basis	<u>1,239</u>	<u>11,239</u>	<u>-</u>	<u>11,239</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	11,239	<u>\$ 11,239</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances				
Add: Current Year Outstanding Warrants				
Ending Cash Balance			<u>\$ 11,239</u>	

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

**WASHITA COUNTY, OKLAHOMA  
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
District Court	\$ 69,959	\$ 647,517	\$ 634,507	\$ 874	\$ 83,843
Court Fund	67,264	359,334	346,273	1,108	81,433
Court Clerk Revolving	14,843	11,462	17,728		8,577
County Treasurer Motor Vehicle	175	3,416	3,433		158
County Treasurer Excess Resale	34	22,838	22,838		34
County Treasurer Farm Implement	924	4,746	4,218		1,452
County Treasurer Trust	7,259	73,688	77,442	73	3,578
County Commissioners	1,476				1,476
County Assessor Revolving	239	3,115	3,354		
County Clerk	2,797	166,478	166,478		2,797
County Sheriff Service Fee		41,043	38,338		2,705
County Sheriff Cash Bond		69,195	69,195		
County Sheriff Tax Warrant		3,150	3,150		
County Sheriff Narcotics	34,087	1,105	960		34,232
County Sheriff Reserve Deputy	1,000				1,000
County Election Board	1,307	21,328	22,681	307	261
District Attorney Fee	4,392		4,392		
District Attorney Bogus Check Restitution	1,449				1,449
District Attorney Witness Fee	351	2,323	1,000		1,674
District Attorney Community Service		1,320	1,320		
District Attorney Restitution		2,482	2,418		64
<b>Total Official Depository Accounts</b>	<b>\$ 207,556</b>	<b>\$ 1,434,540</b>	<b>\$ 1,419,725</b>	<b>\$ 2,362</b>	<b>\$ 224,733</b>

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

**Notes to the Financial Statements**

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Washita County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund and county health department fund.

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department presents 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 Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insurance	
- Vehicle	Group. (See ACCO-SIG.)	

WASHITA COUNTY, OKLAHOMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2003

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed authorized deductibles, the County 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 will pay a deductible amount (\$1,000 to \$10,000; the County has a \$50,000 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 amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

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. The pool has assessed additional premiums to be paid by its members in the current fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All full-time Washita County employees shall be entitled to annual leave and may be accumulated. After one full year of service, employees may be granted ten days of vacation. Employees may carry over no more than five days vacation from one year to the next with any additional time being forfeited.

All full-time Washita County employees shall be entitled to sick leave with pay that is accrued at a rate of 1 day for each full calendar month of service. Sick leave may be accrued up to a maximum of 130 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$8,075,040 and the bank balance was \$8,400,595. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and § 348.3 allow the following types of investments:

- 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

Detailed Notes on Funds and Account Balances (continued)

- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

B. Description of Funds

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

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

Homeland Security – accounts for federal funds used for the preparation and publication of the Washita County Emergency Operation Plan.

County Health Department - accounts for monies collected on behalf of the county health department and state and local revenues.

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

Treasurer Mortgage Tax Certification Fees - account for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements of the funds as restricted by statute.

County Clerk Lien Fee - accounts for lien collections and disbursements as restricted by statute.

County Clerk Record's Preservation Fee - accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

Assessor Revolving – accounts for the collection of fees for copies and disbursements as restricted by statute.

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

Assessor Hardware Upgrade – accounts for the collection and disbursements of funds received from the State of Oklahoma for the upgrade of Assessor computer equipment.

Sheriff Service Fee - accounts for the collection and disbursements of Sheriff process service fees as restricted by statute.

Sheriff Department of Corrections – accounts for the collection of state held prisoners and disbursements for the purpose of maintaining the jail.

Detailed Notes on Funds and Account Balances (continued)

Sheriff Training – accounts for the collection of miscellaneous receipts and disbursements for the training of Sheriff deputies.

Sheriff Estray Cattle – accounts for the collection of selling cattle found and unclaimed. Disbursements are made for the general operations of the Sheriff's office.

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

Emergency Fund – accounts for collection of ad valorem taxes and remitted to the emergency medical service monthly.

County Insurance Building Fund - accounts for the collections of insurance funds remaining from repair of county buildings.

County Sales Tax Proceeds – accounts for collections of sales tax and disbursed to various entities for general operations and distributed to the OSU Extension, Free Fair, County Maintenance, and County Health.

CENA Grant - accounts for collections of grant money and disbursed for operations of the Cloud Chief Community Center.

Canute Transportation Bond – accounts for the collections of bond proceeds sold by the school to be used for the purchase of school buses and repayment of the bond by ad valorem taxes remitted to the school.

Canute Building Bond – accounts for the collections of bond proceeds sold by the school to be used for the repair of school buildings and repayment of the bond by ad valorem taxes paid to the school.

Washita County Industrial Sinking – accounts for the remaining balance from the closure of the Robertson Factory.

Washita County Industrial Sinking Chicken Plant – accounts for the remaining balance from the closure of the chicken plant.

Schools - accounts for monies collected on behalf of the public schools in Washita County from ad valorem taxes, state and local revenues, and remitted to them monthly.

I-11 Insurance - accounts for the collection of insurance monies received from school building damage.

**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

Cities and Towns – account for OTC collections distributed to the cities and towns of Washita County.

Law Library – accounts for monies received for disbursement from the state for the Law Library Board.

County Library – accounts for the collection of donations, fundraisers, and memorials. Also, appropriations come from the County along with grant money received from the state. Disbursements are made for salary and maintenance and operations of the Library.

Court Clerk Investment – accounts for the investment from case number P-96-24.

Court Clerk Encumbrance Fund - accounts for monies received from the state court administration office for the purchase and upgrade of computer equipment.

Excess Resale – accounts for the proceeds of the sale of property in excess of tax against property to tax sales on delinquent taxes.

Protest Tax – accounts for collections of ad valorem taxes which have been protested.

Protest Tax Investment – accounts for ad valorem tax paid under protest, invested by the County Treasurer and interest is placed in the Protest Tax Sinking Fund.

Protest Tax Sinking – accounts for the collection of interest earned on the protest tax investment.

Advance Taxes – accounts for taxes paid on mobile homes in advance of tax roll preparation and held until taxes are due.

Fair Building – accounts for the collection of insurance money received and expended for construction of the fair building after tornado damage.

Official Depository Investment - accounts for the collection of interest on investments made from the official depository accounts.

Official Depository - accounts for the collection and distribution of officer and board fees held in trust until the end of the month.

Additionally, the following accounts are included in the official depository account.

District Court – accounts for the collection of bond money, court fines and fees. Money is disbursed for fees and restitution.

**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

Court Fund – accounts for fees transferred from District Court and interest. Money is disbursed for the purpose of fees for various entities, salaries and operation of the Court Clerk’s office.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant. Money is disbursed in the same manner as the court fund.

County Treasurer Motor Vehicle – accounts for all collections of the sale of motor vehicle stamps. Disbursements are for the purpose of vehicle collections and vouchers to Oklahoma Tax Commission.

County Treasurer Excess Resale – accounts for the proceeds of the sale of property in excess of tax against property to tax sales on delinquent taxes.

County Treasurer Farm Implement – accounts for all collections of the sale of farm implement stamps. Disbursements are for the purpose of farm implement stamps and vouchers to Oklahoma Tax Commission.

County Treasurer Trust – accounts for collections of pre-paid ad valorem taxes. Disbursements are for the purpose of refunds and vouchers to the unapportioned tax account for tax collections.

County Commissioners – account for rental on the Washita County Activity Center. Disbursements are for the purpose of up-keep on the Activity Center.

County Assessor Revolving – accounts for the collection of copy fees and disbursed to the County Assessor Revolving Fund Account.

County Clerk – accounts for the collection of filing fees and disbursed to Oklahoma Tax Commission and the County Clerk Lien Fee Account.

County Sheriff Service Fee – accounts for all collections of foreign service fees. Monies are vouchered out to the Sheriff Service Fee Account.

County Sheriff Cash Bond – accounts for the collection of cash bonds and disbursed to the Court Clerk into the case file or for refund.

County Sheriff Tax Warrant – accounts for the collection of delinquent taxes from the sale of confiscated property. Disbursements are used for the purpose of paying delinquent taxes and a sheriff fee is vouchered to the Sheriff Service Fee Account.

County Sheriff Narcotics – accounts for the grant money received and disbursed for the purpose of drug related purchases.

Detailed Notes on Funds and Account Balances (continued)

County Sheriff Reserve Deputy – accounts for the collection and disbursement of training and supplies for Sheriff Reserve Deputies.

County Election Board – accounts for reimbursements of election and is disbursed for refunds of election fees and maintenance and operations of the office.

The following accounts are part of the official depository accounts:

District Attorney Fee – accounts for the collection of D.A. fees transferred from the merchant account and disbursements of funds are restricted by state statutes. However, the District Attorney has centralized the Bogus Check Restitution Program in Custer County.

District Attorney Bogus Check Restitution – accounts for the collection of restitution payments from defendants and disbursed to vendors for the restitution of false and bogus checks. However, the District Attorney has centralized the Bogus Check Restitution Program in Custer County.

District Attorney Witness Fee – accounts for collections received from the state to reimburse for witness expense.

District Attorney Community Service – accounts for money received from the state. Disbursements are made to defray the expense of the community service program.

District Attorney Restitution – accounts for restitution and fees received. Disbursements are made to reimburse merchants for bogus checks and fees.

C. 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, 2002 was approximately \$61,647,946.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.41 mills for general fund operations and 2.08 mills for the Multi-County Library. In addition, the County also 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.

Detailed Notes on Funds and Account Balances (continued)

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, 2003, were approximately 95.4 percent of the tax levy.

D. 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.

E. 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 subsequent pieces of machinery acquired.

F. 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.

**WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

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4. 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 government expects such amounts, if any, to be immaterial.

The government 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 government.

5. Sales Tax

The voters of Washita County approved a five-eighth cent sales tax effective April 1, 1999. This sales tax will have a life no longer than 60 months. The sales tax is distributed among the following entities: OSU Extension Office (49.5%), not to exceed \$93,555; Fair Board (9%), not to exceed \$17,010; Senior Citizen Center (10%), not to exceed \$18,900; County Maintenance (15%), not to exceed \$28,350; and County Health (16.5%), not to exceed \$31,185. All collections over these amounts shall go the County general fund.

The following is a summary of receipts apportioned from sales tax revenue proceeds for the fiscal year June 30, 2003.

<u>5/8 Cent Sales Tax 2003</u>	
OSU Extension	\$ 93,555
Washita County Free Fair	17,010
Senior Citizens Center	18,900
County Maintenance	28,350
County Health	<u>31,185</u>
Total	189,000
County General Fund	<u>239,911</u>
Total Sales Tax Distribution	<u><u>\$ 428,911</u></u>

**Schedule of Expenditures of Federal Awards**

**WASHITA COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

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<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Passed through the District Attorney's Council:		
Local Law Enforcement Council	16.71	\$ 2,312
Total U.S. Department of Justice		<u>2,312</u>
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</u>		
Passed through the Oklahoma Department of Civil Emergency Management:		
Public Assistance FEMA	83.544	1,537,067
Public Assistance FEMA	83.544	38,961
Public Assistance FEMA	83.544	57,571
Public Assistance FEMA	83.544	90,039
Total Federal Emergency Management Agency		<u>1,723,638</u>
Total Expenditures of Federal Awards		<u>\$ 1,725,950</u>

**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Washita County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
WASHITA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Washita County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated July 26, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether Washita County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management and are included in Section 4 of the schedule of findings and questioned costs, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washita County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-2, 2003-1, 2003-2 and 2003-3.

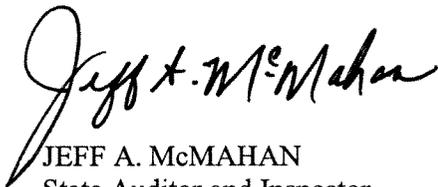
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-2 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 26, 2004

**Report on Compliance With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in Accordance With  
OMB Circular A-133**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Report on Compliance With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in Accordance With  
OMB Circular A-133**

TO THE OFFICERS OF  
WASHITA COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Washita County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

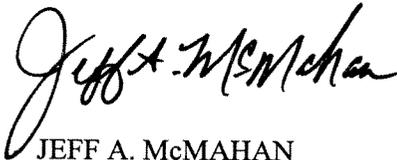
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 26, 2004

**Schedule of Findings and Questioned Costs**

WASHITA COUNTY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2003

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**SECTION 1 - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified? Yes

• Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? No

• Reportable condition(s) identified that are not considered to be material weakness(es)? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs

CFDA Number(s)  
83.544

Name of Federal Program or Cluster  
FEMA Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**SECTION 2 - Findings related to the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

**Finding 2000-2 – Segregation of Duties (Repeat Finding)**

Criteria: Management's accounting for funds should demonstrate accountability and stewardship. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: The limited number of office personnel within the County Sheriff and County Clerk's offices prevents a proper separation of accounting functions, which is necessary to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of County operations and periodic review of those operations.

Management Corrective Action Plan: All offices have a limited number of employees and are trying to segregate as many duties as possible.

**Finding 2003-1 - Disaster Recovery Plan**

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT Delivery & Support 4.3), management should ensure that a written Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the Recovery Plan;
- Emergency procedures to insure the safety of all effected staff members;
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel;
- Listing of systems requiring alternatives (hardware, peripherals, software);
- Listing of highest to lowest priority applications, required recovery times and expected performance norms;
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution;
- Specific equipment and supply needs are identified such as high-speed printers, signatures, forms, communications equipment, telephones, etc., and a source and alternative source defined;
- Training and/or awareness of individual and group roles in continuity plan;
- Listing of contracted service providers;

**WASHITA COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
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- Logistical information on location of key resources, including back-up sites for recovery operating system, applications, data files, operating manuals and program/system/user documentation;
- Current names, addresses, telephone/pager numbers of key personnel;
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: Our review of the Treasurer's and Clerk's system backups and plans for ensuring continuous computer service found no written Disaster Recovery Plan for either office. The Clerk's office does not store any of the backup tapes offsite.

Effect: The lack of an effective and adequate Disaster Recovery Plan could result in potential loss of:

- Ad valorem information;
- Taxpayer and land information;
- State and federal reporting data;
- Financial information.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data. Adequate backups of the data and programs are an essential part of any Recovery Plan. The file server should be backed up every workday. One day a week the backup tape should be stored offsite at a location away from the courthouse. Other tapes used during the week should be stored in a fireproof container in the County office. There should be complete month end backup tapes for at least three months of prior work, giving the county officer the ability to restore data and programs if the need arises.

Management Corrective Action Plan: The County Treasurer and Clerk are working on a Disaster Recovery Plan and have implemented an offsite backup site since the audit.

**Finding 2003-2 – Computer Security Policies and Procedures**

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT) Delivery and Support Control Objectives (DS7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibilities.

Condition: Our review of the Treasurer's and Clerk's office found that they did not have policies and procedures addressing computer security and have not provided security awareness training to their employees.

Effect: County employees are not aware of their responsibilities and potential risks involved when using the County's computer systems.

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Recommendation: We recommend the County establish Information Security Policies and Procedures that define the acceptable and unacceptable use for the office computers. A security awareness-training program should be established requiring all the employees using computers to participate.

Management Corrective Action Plan: The County Treasurer and County Clerk will begin work on policy and procedures for proper computer usage.

**Finding 2003-3 – Time Accounting – Standardized and Signed Time Sheets**

Criteria: Effective accounting practices and procedures include the submission of employee timesheets each pay period, that at a minimum include the day and date of each day worked, the hours worked each day and the leave used each day. Additionally, effective accounting procedures require the employee to sign the timesheet acknowledging the validity and the supervisor/county official sign the timesheet approving the hours worked and leave time used.

Condition: Some County officials did not require employees to sign timesheets, nor did the officials sign the timesheets as the approving officer.

Recommendation: We recommend all County employees be required to complete timesheets, which reflect actual hours worked, annual leave, sick leave and overtime used. Additionally, we recommend that these timesheets be signed by the employee and the County official approving the time reported.

Management Corrective Action Plan: The County is working to implement a standard approved timesheet to reflect time worked and leave taken.

**SECTION 3 – Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.**

No matters were reported.

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**SECTION 4 - Other Audit Findings - This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.**

**Finding 2002-3 – Overtime Compensation Policy (Repeat Finding)**

Criteria: The Fair Labor Standards Act requires employees, not considered exempt, to work in excess of 40 hours per week before overtime compensation can be accrued. The Washita County Personnel Policy (2001) Manual states on page 6, "...County employees who are not exempt shall be entitled to overtime payment at the rate of 1½ times their regular rate of pay for all hours worked in a workweek in excess of 40 hours..."

Condition: Based on the audit of County timesheets, County Treasurer and County Clerk employees were given time off for hours in excess of a 35 hour work week. The County Commissioners' employees were given 1½ hours for every hour worked over 8 hours per day.

Recommendation: We recommend the County adhere to the Personnel Policy and the Fair Labor Standards Act, which allows for overtime in excess of 40 hours worked each week for non-exempt employees that do not work in a public safety job.

Management Corrective Action Plan: Employees will be following the Washita County Personnel Policy. The employee and the County official approving the time report will sign employee's timesheets.

**Finding 2003-4 – Consumable Inventory Reporting**

Criteria: According to 19 O.S. 2001, § 1502 A and B, the county is required to implement an inventory system for all supplies and materials purchased in lots of \$500 or more. Additionally, according to 19 O.S. 2001, § 1505(G)(2), "...a monthly report of the road and bridge projects completed during said period shall be prepared by the consuming department and filed with the county clerk. The report shall contain a record of the date, place and the purpose for the use of the road or bridge items or materials."

Condition: The County's Highway District 3 does not maintain current records for consumable inventory items. Also, transfer documents and receiving reports are either inadequate or not maintained. Recent purchases could not be recorded without a proper inventory system.

Recommendation: The District road and bridge inventory officers should implement an inventory system and begin filing monthly reports of consumable road and bridge materials used, as required by 19 O.S. 2001, § 1505 A and B and § 1505(G)(2).

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Management Corrective Action Plan: Washita County District 3 has an inventory system.

**Finding 2003-5 – Equipment Inventory**

Criteria: According to 69 O.S. 2001, § 645, county-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, **on EACH SIDE**, in upper case letters, on a background of sharply contrasting color. (Emphasis added)

Condition: While testing equipment inventory at the three districts of Washita County, it was noted that not all equipment was marked as county equipment as mandated by 69 O.S. 2001, § 645. Additionally, it was noted that county identification numbers were partially missing and/or missing all together. Additionally, while inspecting new purchases in the County Sheriff's Department, it was noted several items on inventory did not have inventory numbers and labels attached.

Effect: The purpose of the statute is to make it easier for the public to identify county owned equipment and to permit the public to make judgments concerning the appropriate location and use of the equipment.

The lack of marking diminishes this control intended by the legislature.

Recommendation: The Board of County Commissioners should evaluate its policies and procedures for marking its equipment and make the necessary changes to improve its compliance with 69 O.S. 2001, §645.

Management Corrective Action Plan: The County Commissioners will strive to adhere to 69 O.S. 2001, §645.

**Statistical Data  
(Unaudited)**

**WASHITA COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

<b>TAXPAYER NAME</b>	<b>JANUARY 1, 2002 NET ASSESSED VALUATION</b>	<b>% OF TOTAL NET VALUATION</b>
Enogex Inc.	\$ 4,558,565	7.39%
Enogex Gas Gathering LLC	3,375,045	5.47%
Alltex Oklahoma Inc.	2,027,016	3.29%
Southwestern Bell	1,576,104	2.56%
Natural Gas Pipeline Co.	1,538,440	2.49%
Enogex Products Corp.	1,467,375	2.38%
ETC Oklahoma Pipeline	1,453,970	2.36%
Nabors Drilling USA LLC	1,183,900	1.92%
Halliburton Energy Services Inc.	1,039,067	1.69%
Public Service Co. of Oklahoma	941,891	1.53%
Total	<u>\$ 19,161,373</u>	<u>31.08%</u>

Source: (Provided by Oklahoma Tax Commission - Ad Valorem Division)

**WASHITA COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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Total net assessed value as of January 1, 2002		<u>\$ 61,647,946</u>
Debt limit - 5% of total assessed value		\$ 3,082,397
Total bonds outstanding	0	
Total judgments outstanding	0	
Less cash in sinking fund	<u>0</u>	<u>-</u>
Legal debt margin		<u>\$ 3,082,397</u>

**WASHITA COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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	<u>2003</u>
Estimated population	<u>11,508</u>
Net assessed value	<u>\$ 61,647,946</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0%</u>
Net bonded debt per capita	<u>\$ -</u>

**WASHITA COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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<u>Tax Year</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>
2002	\$19,584,997	\$12,819,665	\$32,057,207	\$2,813,923	\$61,647,946	\$9,393,336