

WASHITA COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

September 25, 2008

TO THE CITIZENS OF
WASHITA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washita 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 black ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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

MICHELLE R. DAY, ESQ
DEPUTY STATE AUDITOR & INSPECTOR

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

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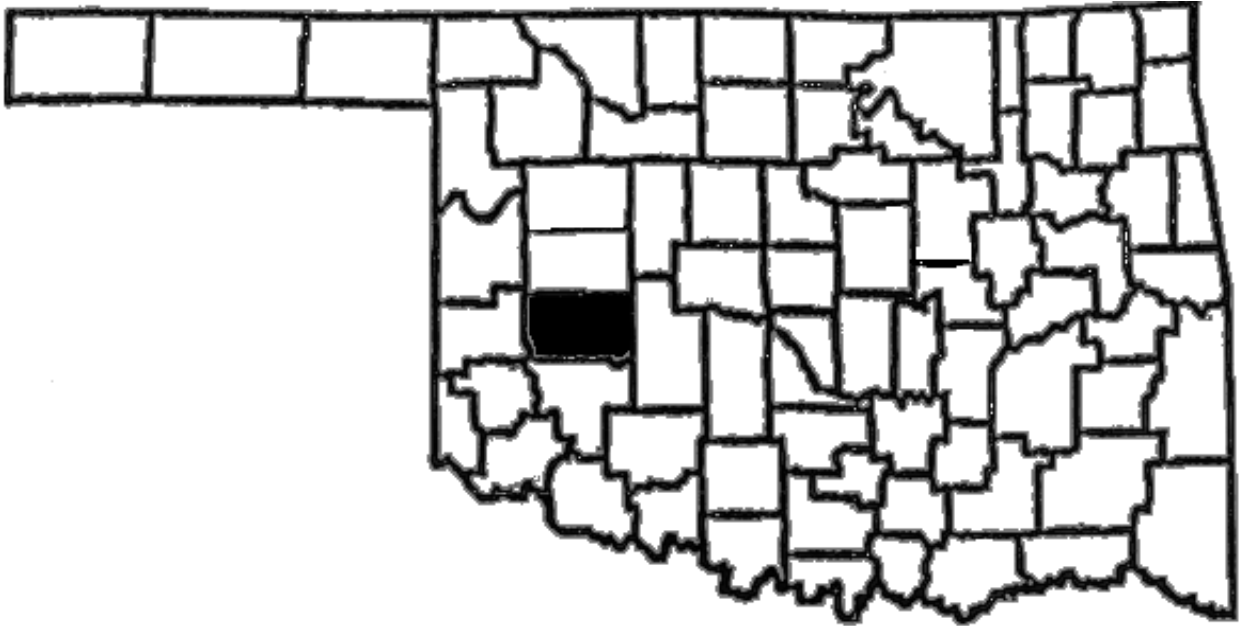
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**REPORT TO THE CITIZENS
OF
WASHITA COUNTY, OKLAHOMA**



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 – 1,009.07 Square Miles

County Population - 11,471
(2005 est.)

Farms – 1,006

Land in Farms - 568,343 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

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

COUNTY ASSESSOR

Janie Batt Bellah

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

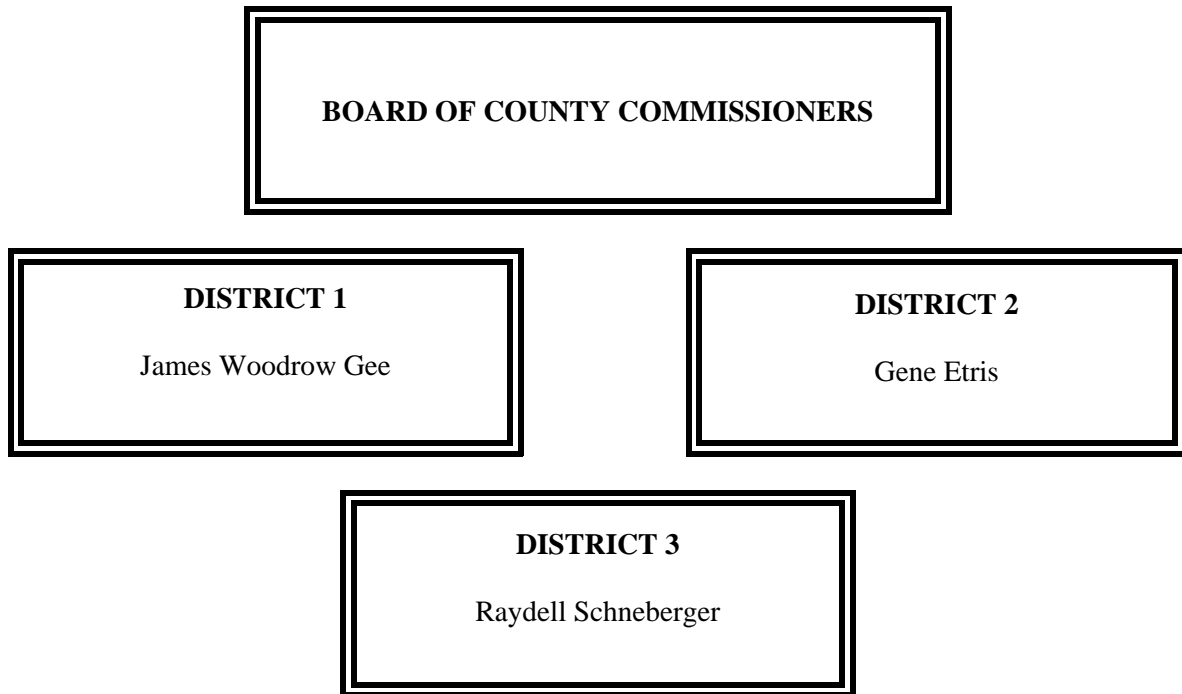
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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
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.

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

COUNTY SHERIFF

Ron Mazurek

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

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COURT CLERK

Tena Arganbright

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

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

ELECTION BOARD SECRETARY

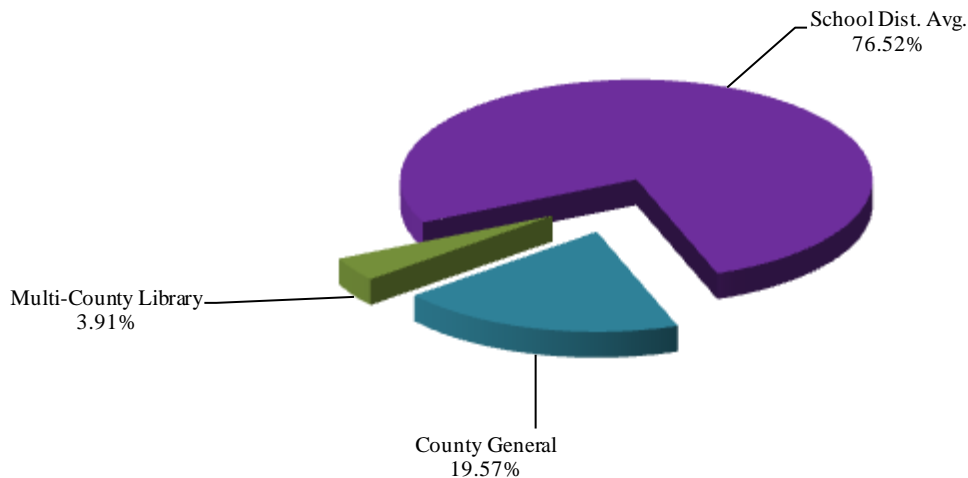
June Wesner

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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



County-Wide Millages				School District Millages						
				Gen.	Bldg.	Skg.	Career Tech	EMS	Common	Total
County General	10.41									
Multi-County Library	2.08	Sentinel - Rocky	I-1	36.21	5.17		12.33		4.16	57.87
		Corn-Colony	I-9	38.02	5.43	6.48			4.16	54.09
		Burns Flat-Dill City	I-10	35.94	5.14	7.53	12.33		4.16	65.10
		Canute-Foss	I-11	35.82	5.12	5.61	12.33		4.16	63.04
		Cordell-Bessie	I-78	36.52	5.22	14.31	12.33		4.16	72.54
		Merritt	J-2	35.00	5.00		12.33		4.16	56.49
		Mt. View-Gotebo	J-003	36.95	5.28		11.57	3.17	4.16	61.13
		Elk City	J-6	36.53	5.22		12.33		4.16	58.24
		Weatherford	J-26	36.18	5.17	18.59	12.33		4.16	76.43
		Carnegie	J-33	36.28	5.18	14.21	11.57		4.16	71.40
		Clinton	J-99	35.94	5.13	8.26	12.33		4.16	65.82
		Hydro-Eakly	J-11	36.54	5.22	19.06	11.57		4.16	76.55

See independent auditor's report.

**WASHITA 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>\$ 74,088,603</u>
Debt limit - 5% of total assessed value		3,704,430
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>1,200</u>	<u>-</u>
Legal debt margin		<u>\$ 3,704,430</u>

See independent auditor's report.

WASHITA COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	<u>2007</u>
Estimated population	<u>11,471</u>
Net assessed value as of January 1, 2006	<u>\$ 74,088,603</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>1,200</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

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

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$28,757,693	\$13,017,974	\$35,179,744	\$2,866,808	\$74,088,603	\$568,505,246

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
WASHITA COUNTY, OKLAHOMA

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Washita 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 September 16, 2008, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

September 16, 2008

Basic Financial Statement

**WASHITA 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	\$ 1,445,465	\$ 2,612,331	\$ 1,816,355	\$ 2,241,441
Highway Cash	4,992,619	5,172,637	6,301,003	3,864,253
County Health Fee	11,239			11,239
Resale Property	48,962	22,509	13,255	58,216
Treasurer Mortgage Tax Certification Fee	20,416	213	7,177	13,452
County Clerk Lien Fee	54,965	50,669	18,616	87,018
County Clerk Records Preservation Fee	71,381	63,009	54,684	79,706
County Assessor Revolving	4,522	8,969	6,133	7,358
County Assessor Visual Inspection	243			243
County Assessor Hardware Upgrade	46			46
Sheriff Service Fee	85,049	106,323	49,598	141,774
Sheriff Department of Corrections	1,335			1,335
Sheriff Training	346		300	46
Sheriff Estray Cattle	711			711
Community Service Sentencing Program	20,873	24,155	34,850	10,178
Emergency Fund		14,947	14,777	170
County Sales Tax Proceeds	318,371	1,161,051	1,218,872	260,550
REAP Grant	(54,955)	54,955		
Courthouse Clock Restoration	4,156			4,156
Oklahoma Centennial Commission	90,049	1,799		91,848
CENA Grant	55	3,315	4,993	(1,623)
Courthouse Security		6,023		6,023
Homeland Security		53,000	53,000	
Washita Sinking	1,200			1,200
Combined Total--All County Funds	\$ 7,117,048	\$ 9,355,905	\$ 9,593,613	\$ 6,879,340

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

**WASHITA 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 Washita 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.

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

County Health Fee - accounts for monies collected on behalf of the county health department from fees. This account was not active.

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 Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

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

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

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

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

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

County Assessor Hardware Upgrade - accounts for the collection and expenditure of funds received from the State of Oklahoma for the upgrade of assessor computer equipment. This account was not active.

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

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

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 Service Sentencing 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 service monthly.

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

REAP Grant – accounts for grant monies received from the State of Oklahoma for the conservation district and disbursed for equipment. At July 1, 2007, the account had a negative balance due to the grant award not being received in a timely manner.

Courthouse Clock Restoration – accounts for monies received from the State of Oklahoma in the form of a grant from the centennial commission and disbursed for the courthouse clock restoration.

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

Oklahoma Centennial Commission – accounts for monies received from the State of Oklahoma in the form of a grant and disbursed for centennial activities.

CENA Grant – accounts for the collection of grant money and disbursed for operation of the Cloud Chief Community Center. At June 30, 2007, the account had a negative balance due to the grant award not being received in a timely manner.

Courthouse Security – accounts for fees collected through the courts and disbursed for courthouse security.

Homeland Security – accounts for the collection of grant monies to be disbursed for the purpose of homeland security by Washita County.

Washita Sinking – accounts for the remaining balance of ad valorem taxes collected to pay off the debt of the chicken plant.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

C. Basis of Accounting

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

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. Washita County does not have a county health department funded by a millage levy. 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.

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

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

E. Cash

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

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

F. Investments

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

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

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

G. Compensated Absences

All full-time Washita County employees shall be entitled to vacation leave. After one full year, employees shall be granted 10 days of vacation. Vacation must be earned before it is taken. Employees may carry over no more than 5 days of vacation from one year to the next. Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.

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

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

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 \$74,088,603.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.41 mills for general fund operations and 2.08 mills for multi-county library. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 95.2 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.

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

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 Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	
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.)	

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

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

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.

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 \$276,870, \$256,717, and \$202,565, 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

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

benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

8. Contingent Liabilities

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

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

9. Sales Tax

The voters of Washita County approved a five-eighth cent sales tax effective October 1, 2004. This sales tax will have a life of no longer than 60 months. The sales tax is distributed among the following entities: OSU Extension Office (49.5%) not to exceed \$93,555.00; Fair Board (9%) not to exceed \$17,010.00; Senior Citizen Center (10%) not to exceed \$18,900.00; County Maintenance (15%) not to exceed \$28,350.00; and County Health (16.5%) not to exceed \$31,185.00. All collections over these amounts shall go to the county general fund.

The voters of Washita County also approved a one-half of one-cent (.5%) sales tax effective October 1, 2004. This sales tax will have a life of no longer than 60 months. The sales tax is distributed to the Cordell Memorial Hospital.

10. Investigative Audit

During the audit of the County, the Oklahoma State Auditor's Office uncovered an embezzlement scheme perpetrated in the Sheriff's office. An investigative audit was conducted for the period July 1, 2004 through June 11, 2008, of the County jail's Inmate Trust Fund. The shortage in the Inmate Trust Fund resulted in approximately \$13,000 of undeposited funds. The suspected employee has been terminated and charges filed by the District Attorney. The County expects to receive full restitution from the former employee. The embezzlement did not and will not affect the balances reported herein.

OTHER SUPPLEMENTARY INFORMATION

WASHITA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,445,465	\$ 1,445,465	\$ 1,445,465	\$ -
Less: Prior Year Outstanding Warrants	(104,726)	(104,726)	(104,726)	
Less: Prior Year Encumbrances	(132,018)	(132,018)	(105,791)	26,227
Beginning Cash Balances, Budgetary Basis	1,208,721	1,208,721	1,234,948	26,227
Receipts:				
Ad Valorem Taxes	701,150	701,150	737,712	36,562
Charges for Services	101,679	101,679	163,943	62,264
Intergovernmental Revenues	229,000	229,000	1,451,977	1,222,977
Miscellaneous Revenues	35,000	35,000	258,699	223,699
Total Receipts, Budgetary Basis	1,066,829	1,066,829	2,612,331	1,545,502
Expenditures:				
Law Library	2,900	2,900	2,816	84
County Sheriff	747,187	747,187	712,435	34,752
County Treasurer	149,610	149,610	148,241	1,369
County Commissioner	11,000	11,000	11,000	
County Clerk	234,227	234,227	230,073	4,154
Court Clerk	111,278	111,278	110,945	333
County Assessor	122,517	122,517	119,016	3,501
Revaluation of Real Property	86,025	86,025	81,561	4,464
General Government	712,675	712,675	323,246	389,429
Excise-Equalization Board	3,600	3,600	2,370	1,230
County Election Board	76,802	76,802	64,888	11,914
Insurance	10,320	10,320	10,320	

continued on next page

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

WASHITA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Audit Budget Account	7,409	7,409	343	7,066
Total Expenditures, Budgetary Basis	2,275,550	2,275,550	1,817,254	458,296
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	2,030,025	\$ 2,030,025
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			90,267	
Add: Current Year Outstanding Warrants			121,149	
Ending Cash Balance			\$ 2,241,441	

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

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

Budgetary Schedule

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund, 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

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

TO THE OFFICERS OF
WASHITA COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Washita County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Washita County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 16, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washita 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, and 2007-5 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 2007-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washita 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2007-3, 2007-4, 2007-6, 2007-7, and 2007-8.

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

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

September 16, 2008

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

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

Finding 2007-1 – Segregation of Duties

Criteria: Effective internal controls include those employees who process cash transactions be segregated from the duties of depositing funds, posting bookkeeping records, and reconciling reports of collection activity.

Condition: Based on inquiries and observation of the County offices, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated among the County offices.

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

Recommendation: OSAI recommends 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 office operations and periodic review of those operations.

Views of responsible officials and planned corrective actions: The Sheriff's staff has management oversight in that receipts are issued by dispatchers or jailers, and deposited by the administrative assistant, and verified by the County Treasurer. However, there is limited funding for personnel, which prohibits the County Sheriff from adequately segregating duties. The County Treasurer will strive to implement policies of segregation of duties and conduct periodic reviews of the deputy's duties and responsibilities.

Finding 2007-2 – CENA Grant

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: The County Treasurer's general ledger at June 30, 2007, reflects a negative balance for the CENA Program in the amount of \$1,622. This indicates warrants were issued and paid without cash being available in the CENA Program fund.

Effect: Negative balance on the County's financial statements.

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

Recommendation: OSAI strongly recommends the County Treasurer verify cash is available in the fund prior to the registration of any warrants. If money is not available, the County Treasurer must either refuse to register the warrant or issue non-payable warrants.

Views of responsible officials and planned corrective actions: The reimbursement was received after June 30, and applied to the negative balance at that time.

Finding 2007-3 – Timely Encumbrances

Criteria: Title 19 O.S. § 1505.D(1)(2) states, “The procedure for the purchase of ...shall be as follows: (1) The county purchasing agent shall prepare a purchase order...and submit it...to the county clerk; (2) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;...”

Condition: The test of 40 purchase orders revealed four (4) instances or 10% of items tested in which goods or services were received prior to funds being encumbered.

<u>Account</u>	<u>P.O. #</u>	<u>Warr #</u>	<u>Invoice Date</u>	<u>Encumbrance Date</u>	<u>Item</u>
<u>Highway</u>					
D-2 20-2000	1169	575	10-26-2006	10-27-2006	Used Culvert
D-1 10-2000	1140	1140	01-30-2007	01-31-2007	Crusher Rock
<u>Sheriff Service Fee</u>					
119-4000	986	6	10-05-2006	10-10-2006	Clothes Washer
119-2000	2449	62	01-03-2007	01-20-2007	Shirts, Badges

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

Recommendation: OSAI recommends the County place an emphasis on encumbering funds prior to receiving goods or services in accordance with 19 O.S. § 1505.D(1)(2).

Views of responsible officials and planned corrective actions: The County Sheriff’s staff will adhere to purchasing guidelines with regard to encumbrance of funds. The County Commissioners will adhere to purchasing guidelines with regard to encumbrance of funds.

Finding 2007-4 – Transfer of Profit on Commissary Funds

Criteria: Title 19 O.S. § 180.43.E. states in part, “Each county sheriff may operate, or contract the operation of, a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account.

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

The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel, or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary...."

Condition: It was noted that a Sheriff Commissary Account had not been established with the County. It was noted that all commissary activity is maintained within an official depository account entitled Commissary Profit; however, this is not a cash fund as required by statute. Any surplus of commissary operations available for spending is not being properly accounted for.

Effect: The Sheriff is administering funds outside of county provisions allowed by statute.

Recommendation: We recommend management take steps to establish a Sheriff Commissary Account.

Views of responsible officials and planned corrective actions: The Sheriff's staff will reconcile bank statements to the inmate trust account records to determine the amount of profit to transfer to the commissary profit account. Additionally, the Sheriff's staff will transfer profit on a weekly basis to the commissary profit account thereafter.

Finding 2007-5 – Timely Disbursement of Cash Bonds to Court Clerk

Criteria: Effective internal controls require all cash fund deposits by the Sheriff be disbursed to the Court Clerk the next business day after it was received by the Sheriff's office.

Condition: The audit of Sheriff's cash bonds revealed that of the 14 bonds tested, 13 were not disbursed to the court in a timely manner.

Effect: Cash is not safeguarded from misappropriation when it is not disbursed in a timely manner.

Recommendation: OSAI recommends the Sheriff's office disburse bond money to the Court Clerk within one business day of receiving it to provide effective internal controls over the safeguarding of cash.

Views of responsible officials and planned corrective actions: The Sheriff's staff no longer accepts "cash" for bonds, but does accept money orders and cashier's checks for bonds. Inmates held for other entities are required to secure bonds directly with the entity, such as City of Cordell.

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

Finding 2007-6 - Oklahoma State Department of Corrections reimbursement payments made to the Washita County Sheriff

Criteria: Title 19 § 180.43.A. provides the following:

“Each county sheriff may contract with the Department of Justice of the United States of America, the Department of Corrections, or any municipality of this state for the feeding, care, housing, and upkeep of federal, state, or municipal prisoners, or alien detainees incarcerated in the county jail. Any funds received pursuant to said contract shall be the funds of the county where the federal, state, or municipal prisoners, or alien detainees are incarcerated and shall be deposited in a separate revolving fund with the county treasurer. All purchases made pursuant to the provisions of this subsection shall be made pursuant to the purchasing procedures specified in Sections 1500 through 1505 of this title, including the use of blanket purchase orders as provided for in Section 310.8 of Title 62 of the Oklahoma Statutes. The sheriff shall be permitted to expend any surplus in the revolving fund for administering expenses for salaries, training, equipment, or travel, or for capital expenditures.

The claim for said expenses shall be filed with and allowed by the board of county commissioners as other claims....”

Additionally, an effective internal control over the receipt of funds is the utilization of a separate cash fund established to deposit the reimbursement payments from the Department of Corrections, Burns Flat or Cordell. Further, expenses for the housing and feeding of prisoners should be incurred and paid from this fund to provide accounting controls over the fiscal management of housing state prisoners.

Condition: The Washita County Sheriff houses prisoners for the State of Oklahoma as per a contract agreement with Department of Corrections. The Sheriff receives reimbursement from the State Department of Corrections (DOC) upon filing claims with them. The Sheriff also receives reimbursement from surrounding cities and towns within the County.

We obtained the payment file of the Department of Corrections reimbursements made to the Washita County Sheriff’s Office for the housing of prisoners. The payment file for fiscal years 2005-2006, 2006-2007, and 2007-2008, were audited to determine that the reimbursements were deposited with the Washita County Treasurer.

The following exceptions were noted:

- The Sheriff has established a fund entitled Sheriff Department of Corrections that appears on the County Treasurer’s general ledger; however, no funds have been deposited in this cash fund from July 1, 2005 through June 10, 2008. Rather, the funds were deposited in the Sheriff Service Fee (SSF) cash fund, the Community Service Sentencing Program (CSSP) cash fund and the County general budgeted fund.

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

For the year 2007-2008

- The Sheriff's office received \$23,803.00 from (DOC) for the housing of state prisoners. These funds were not deposited in a Board of Prisoners (BOP) cash fund as required by law. However, the funds were deposited in the following manner: \$3,052.00 in the CSSP (Community Service Sentencing Program) fund; \$20,408.50 in the SSF (Sheriff Service Fee) fund; and \$352.50 in the County general fund.

For the year 2006-2007

- The Sheriff's office received \$84,566.00 from (DOC) for the housing of state prisoners. These funds were not deposited in a Board of Prisoners (BOP) cash fund as required by law. However, the funds were deposited in the following manner: \$24,154.00 in the CSSP (Community Service Sentencing Program) fund; \$31,139.00 in the SSF (Sheriff Service Fee) fund; and \$29,273.00 in the County general fund.

For the year 2005-2006

- The Sheriff's office received \$16,368.00 from (DOC) for the housing of state prisoners. These funds were not deposited in the (DOC) cash fund as required by law. However, the funds were deposited in the following manner: \$8,016.00 in the SSF (Sheriff Service Fee) fund, and \$8,352.00.00 in the County general fund.

Effect: Funds were not properly accounted for in accordance with state statutes and the identity of those funds was not sufficiently maintained so as to properly account for the receipt of reimbursement and the direct expense of housing and feeding of state prisoners.

Recommendation: In accordance with 19 O.S. § 180.43.A, OSAI recommends that the County Sheriff maintain and expend (DOC) reimbursement funds in the Board of Prisoners cash fund that has been established on the County Treasurer's general ledger. Additionally, we recommend the County Clerk appropriate the (DOC) funds apportioned by the County Treasurer to the Board of Prisoners cash fund on a monthly basis so as to expend those funds as authorized by Oklahoma Statutes and to provide effective internal controls over the fiscal management of housing and feeding of state prisoners. Additionally, reimbursements from surrounding cities and towns for the feeding and board of prisoners should be apportioned to the Board of Prisoners cash fund.

Views of responsible officials and planned corrective actions: The Sheriff's staff will transfer reimbursement checks from the Sheriff Fee #5 depository account on a monthly basis to the Board of Prisoners Cash Fund.

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

Finding 2007-7 - Timely receipt, deposit and transfer of funds to the Sheriff Department of Corrections cash fund

Criteria: Title 28 O.S. § 9 states the following with regard to the receipt of funds, “Every officer charging fees shall give a receipt therefor.”

An effective internal control includes the officer collecting funds issue a pre-numbered duplicate receipt.

Title 19 O.S. § 682 states the following with regard to daily deposit of funds,

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

Title 19 O.S. § 684 provides the following with regard to the monthly transfer of funds,

“All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof, accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, - that is, transferred from the official account of the officer, board, commission or employee of either thereof depositing the same, to the fund or funds of the county or municipal subdivision thereof to which the same belongs, - by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies shall have been received; and it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.”

Effective accounting practices with regard to funds received by the county official include an official depository receipt be issued for funds collected, that these funds be deposited daily into an established official depository fund and that the total funds deposited during the month be transferred via an official depository voucher to a cash fund. The County Treasurer will issue a miscellaneous receipt for the amount transferred and apportion those funds to the cash fund. In the case of DOC collections, the funds should be transferred and apportioned at month end to the Board of Prisoners cash fund.

Condition: The following exceptions were noted with regard to the lack of proper accounting practices employed by the county sheriff’s employee when receipting, depositing, and transferring DOC reimbursements.

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

- In each fiscal year audited, the (DOC) reimbursement funds were deposited directly into the Sheriff Service Fee, Community Service Sentencing Program, and General Fund funds using a miscellaneous receipt prepared by the County Treasurer's office upon the verbal direction of a sheriff's employee.
- The sheriff employee did not prepare official depository receipts for the collection of (DOC) reimbursements.
- The sheriff employee did not deposit (DOC) collections on a daily or timely basis as compared to the date the reimbursement payments were processed by the Department of Corrections.
- The sheriff employee did not deposit (DOC) collections in an official depository account, nor were monthly transfers made from the depository account to the Board of Prisoners cash fund.
- The last deposit for (DOC) collections was made by the Sheriff's employee on October 16, 2007. No claims had been filed with the Department of Corrections for reimbursement after October 16, 2007 through June 10, 2008.

Effect: Funds were not properly accounted for in accordance with state statutes and the identity of those funds was not sufficiently maintained so as to properly account for the receipt of funds.

Recommendation: In accordance with 19 O.S. § 682, § 684 and 28 O.S. § 9, OSAI recommends that the County Sheriff issue pre-numbered, duplicate official depository receipts for each collection of funds, deposit those funds on a daily basis into an official depository fund and transfer those funds on a monthly basis to a cash fund to provide effective internal and accounting controls over Department of Corrections' reimbursements paid to the Washita County.

Views of responsible officials and planned corrective actions: The Sheriff's staff has implemented procedures to file claims with (DOC) on a timely basis to collect reimbursement for those prisoners. To date, over \$40,000 in reimbursements have been filed with (DOC) and deposited into the Sheriff Fee #5 official depository account.

Finding 2007-8 - Inmate Trust Fund Checking Account Purchases

Criteria: Title 19 O.S. § 531.A states the manner in which an Inmate Trust Fund Checking Account is established,

"Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates

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

incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Condition: The Sheriff maintained an Inmate Trust Fund Checking Account. The audit of the checks written from the account revealed the following questionable purchases:

- Candles totaling \$609.00
- Food for employee retirement
- Trophy for employee retirement gift
- Flowers for employee family member funeral
- Food for employee family member funeral

Effect: The County Sheriff's office made questionable purchases from the Inmate Trust Checking Account.

Recommendation: OSAI recommends funds for inmate purchases be transferred to the Sheriff's Commissary Cash Fund and that all disbursements be made on purchase orders approved by the Board of County Commissioners. We further recommend that profits from commissary sales only be expended for administering expenses for training, travel, or capital expenditures.

Views of responsible officials and planned corrective actions: The Sheriff's staff is aware that purchases must be in compliance with 19 O.S. § 531.A, and that only authorized purchases will be made from that account to pay Tiger Commissary, sales tax and transfer profit to the commissary profit fund.

OSAI response: State statutes provide that funds be transferred to the Sheriff's Commissary Cash Fund and expended on purchase orders approved by the Board of County Commissioners.



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