

WOODS COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

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

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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June 3, 2009

TO THE CITIZENS OF
WOODS COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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

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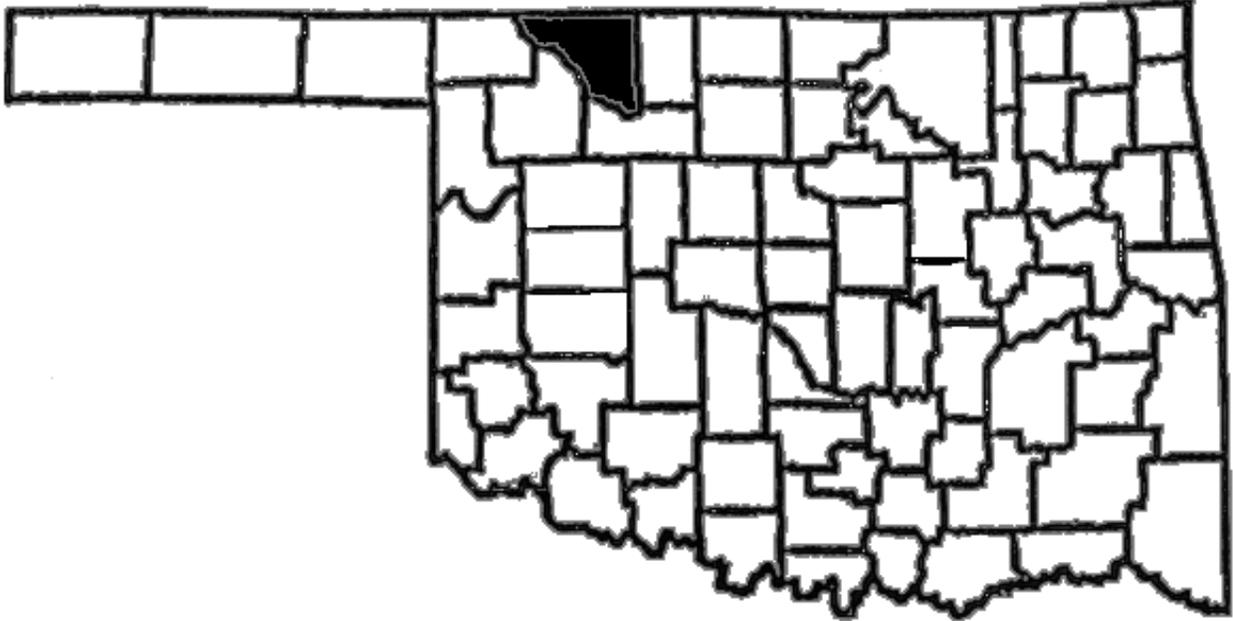
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**REPORT TO THE CITIZENS
OF
WOODS COUNTY, OKLAHOMA**



Woods County was created at statehood from portions of Woods and Woodward counties, Oklahoma Territory. It was part of the Cherokee Outlet, given to the Cherokees in 1828 as a hunting outlet. In 1893, the Cherokee Outlet was opened to white settlement by a land run, the greatest horserace in history. The area which was to become Woods County was originally designated as County "M."

The Oklahoma Constitutional Convention divided old Woods County. The eastern portion became Alfalfa County, a southern portion became Major County, and part of Woodward County north and east of the Cimarron River was added to the remainder to make up present-day Woods County.

County Seat – Alva

Area – 1,290.07 Square Miles

County Population - 8,546
(2005 est.)

Farms - 761

Land in Farms - 816,386 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

COUNTY ASSESSOR

Monica Schmidt

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

Pam Inman

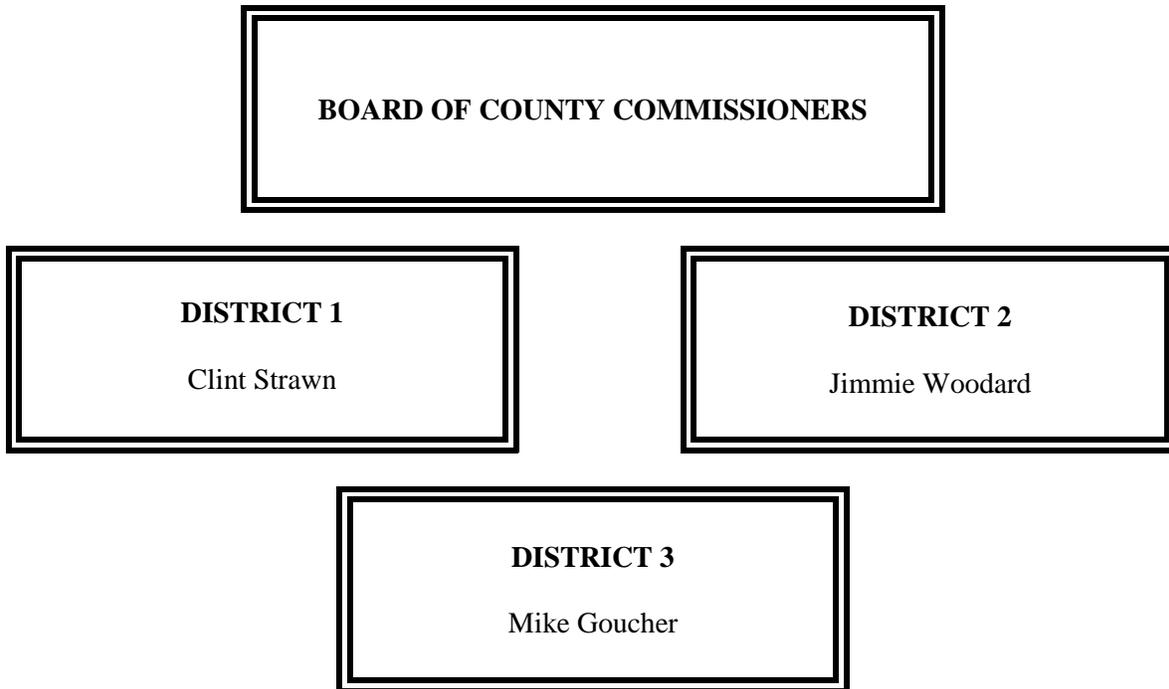
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**WOODS 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.

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

COUNTY SHERIFF

Rudy Briggs, Jr.

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

David Manning

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.

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

COURT CLERK

Della Dunnigan

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

Hollis Thorp

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.

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

ELECTION BOARD SECRETARY

Wylodean Linder

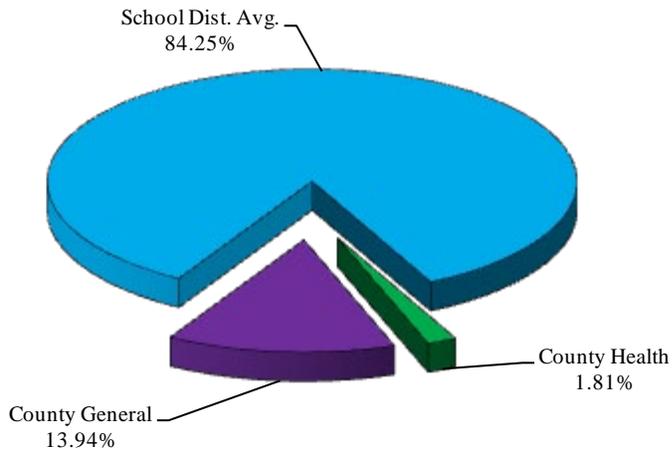
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**WOODS 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

<u>County-Wide Millages</u>		<u>School District Millages</u>							
				<u>Gen.</u>	<u>Bldg.</u>	<u>Skg.</u>	<u>Tech Center General</u>	<u>Common</u>	<u>Total</u>
County General	10.56								
County Health	1.37								
		Rural Area Alva	I-1	36.48	5.21	5.18	13.73	4.22	64.82
		Rural Area Waynoka	I-3	37.64	5.38	7.61	13.73	4.22	68.58
		Rural Area Freedom	I-6	38.64	5.52	3.10	13.73	4.22	65.21
		Major Joint	J-4M	38.90	5.56	3.57	13.73	4.22	65.98
		Alfalfa Joint	46A	35.00	5.00	10.32		4.22	54.54

See independent auditor's report.

**WOODS 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>\$ 76,582,836</u>
Debt limit - 5% of total assessed value		3,829,142
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 3,829,142</u>

See independent auditor's report.

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

	2007
Estimated population	8,546
Net assessed value as of January 1, 2006	\$ 76,582,836
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**WOODS 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	\$20,193,535	\$21,917,504	\$36,682,380	\$2,210,583	\$76,582,836	\$583,175,730

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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

Independent Auditor's Report

TO THE OFFICERS OF WOODS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Woods 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 Woods 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 Woods 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 Woods 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 April 6, 2009, on our consideration of Woods 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

April 6, 2009

Basic Financial Statement

**WOODS 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	\$ 1,447,358	\$ 2,038,832	\$ 1,716,283	\$ 1,769,907
County Highway	1,930,233	4,156,174	3,957,740	2,128,667
County Health Department	256,848	117,128	66,378	307,598
Resale Property	35,792	16,403	14,644	37,551
Sheriff Service Fee	118,538	71,150	14,230	175,458
Sheriff Revolving Fund	82,348	14,523		96,871
Sheriff Courthouse Security		4,270		4,270
Juvenile Affairs Grant	2,439			2,439
Community Service Sentencing Program	250			250
County Clerk Records Preservation Fee	45,253	32,637	25,332	52,558
County Clerk Lien Fee	70,391	40,165	11,585	98,971
Treasurer Mortgage Tax Certification Fee	12,424	1,925	204	14,145
Assessor Revolving Fee	9,619	5,801	1,558	13,862
Assessor Visual Inspection	840	19	227	632
Special Insurance	1,577	2,292	2,292	1,577
Freedom West Housing		117,925	116,095	1,830
E-911	127,944	323,421	359,515	91,850
E-911 Equipment Grant - CDBG		137,192	65,942	71,250
Combined Total--All County Funds	\$ 4,141,854	\$ 7,079,857	\$ 6,352,025	\$ 4,869,686

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

**WOODS 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 Woods 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 - accounts for the general operations of the government.

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

County Health Department - accounts for monies collected on behalf of the county health department from ad valorem taxes 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.

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

Sheriff Revolving Fund - accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

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

Sheriff Courthouse Security – accounts for grant money and fees collected through the Court Clerk’s office and disbursements are for the purpose of courthouse security.

Juvenile Affairs Grant – accounts for the balance remaining of a prior juvenile grant.

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

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 Clerk Lien Fee - accounts for lien collections and disbursements 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.

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

Special Insurance – accounts for the balance remaining of prior insurance reimbursements made to the County for property loss.

Freedom West Housing – accounts for CDBG grant money from the Department of Commerce for housing revitalization, with disbursements going to the contractors that were awarded contracts to replace windows, plumbing, and roofs to existing houses.

E-911 – accounts for the collection and remittance of tax, to be used for emergency contacts.

E-911 Equipment Grant – CDBG – accounts for grant money from the Department of Commerce for the purchase of radio equipment, GPS navigation devices for emergency vehicles, hardware and software for E-911.

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

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

C. Basis of Accounting

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

D. Budget

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

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

E. Cash

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

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

F. Investments

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts

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

- 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 Woods County employees shall be entitled to vacation leave that is accrued on a monthly basis in accordance with the schedule outlined below:

Vacation must be earned before it is taken.

<u>Years of Service</u>	<u>Annual Leave</u>	<u>35 hrs/wk</u>	<u>40 hrs/wk</u>	<u>Carry Over Limit</u>
1 Year	1 Week	35 Hours	40 Hours	
2 to 4 Years	2 Weeks	70 Hours	80 Hours	
5 to 15 Years	2.5 Weeks	84 Hours	96 Hours	
16 Years or more	3 Weeks	105 Hours	120 Hours	6 Weeks

All full-time Woods 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 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 152 hours.

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 \$76,582,836.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.56 mills for general fund operations and 1.37 mills for county health department. In

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

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 94.44 percent of the tax levy.

3. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

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

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

Types of Loss	Method of Management	Risk of Loss Retained
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance	None

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

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

5. Long-term Obligations

Capital Leases

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

6. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that

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

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 \$269,026, \$229,772, and \$190,885, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

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

8. Contingent Liabilities

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

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

9. Sales Tax

Woods County voters elected to have a ½ cent sales tax for an unlimited time. The tax is not earmarked, but is to be apportioned to the general fund for general operations. The County began collecting the tax April 1, 1992. The County received \$678,706 for the fiscal year ended June 30, 2007.

OTHER SUPPLEMENTARY INFORMATION

WOODS 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	\$ 1,447,358	\$ 1,447,358	\$ 1,447,358	\$ -
Less: Prior Year Outstanding Warrants	(107,123)	(107,123)	(107,123)	
Less: Prior Year Encumbrances	(74,091)	(74,091)	(70,431)	3,660
Beginning Cash Balances, Budgetary Basis	<u>1,266,144</u>	<u>1,266,144</u>	<u>1,269,804</u>	<u>3,660</u>
Receipts:				
Ad Valorem Taxes	735,195	735,195	791,951	56,756
Charges for Services	87,390	87,390	132,227	44,837
Intergovernmental Revenues	7,364	7,364	37,089	29,725
Sales Tax	554,292	554,292	678,706	124,414
Miscellaneous Revenues	81,123	81,123	398,859	317,736
Total Receipts, Budgetary Basis	<u>1,465,364</u>	<u>1,465,364</u>	<u>2,038,832</u>	<u>573,468</u>
Expenditures:				
District Attorney	<u>1,000</u>	<u>1,000</u>	<u>974</u>	<u>26</u>
County Sheriff	<u>311,509</u>	<u>311,509</u>	<u>291,890</u>	<u>19,619</u>
County Treasurer	<u>107,490</u>	<u>107,490</u>	<u>105,882</u>	<u>1,608</u>
County Commissioners	<u>240,820</u>	<u>240,820</u>	<u>4,916</u>	<u>235,904</u>
OSU Extension	<u>53,744</u>	<u>53,744</u>	<u>33,559</u>	<u>20,185</u>
County Clerk	<u>135,240</u>	<u>135,240</u>	<u>132,158</u>	<u>3,082</u>
Court Clerk	<u>103,440</u>	<u>103,440</u>	<u>101,908</u>	<u>1,532</u>
County Assessor	<u>112,775</u>	<u>117,925</u>	<u>115,418</u>	<u>2,507</u>
Revaluation of Real Property	<u>138,452</u>	<u>138,452</u>	<u>112,241</u>	<u>26,211</u>
Juvenile Shelter	<u>3,500</u>	<u>3,500</u>	<u>2,202</u>	<u>1,298</u>
General Government	<u>291,335</u>	<u>286,120</u>	<u>251,711</u>	<u>34,409</u>
Excise-Equalization Board	<u>4,450</u>	<u>4,450</u>	<u>2,509</u>	<u>1,941</u>
County Election Board	<u>54,176</u>	<u>54,241</u>	<u>48,531</u>	<u>5,710</u>

continued on next page

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

**WOODS 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
Insurance	349,000	349,000	295,096	53,904
Charity	2,500	2,500	770	1,730
Building Account	685,790	685,790	56,962	628,828
Highway Account	29,450	29,450	17,078	12,372
County Audit Budget Account	7,658	7,658	7,658	-
Free Fair Budget Account	98,000	98,000	96,925	1,075
Other	1,179	1,179	-	1,179
 Total Expenditures, Budgetary Basis	 2,731,508	 2,731,508	 1,678,388	 1,630,248
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 1,630,248	 \$ 1,630,248
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			35,872	
Add: Current Year Outstanding Warrants			103,787	
Ending Cash Balance			<u>\$ 1,769,907</u>	

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

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

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 256,848	\$ 256,848	\$ 256,848	\$ -
Less: Prior Year Outstanding Warrants	(654)	(654)	(654)	
Less: Prior Year Encumbrances	(4,872)	(4,872)	(4,860)	12
Beginning Cash Balances, Budgetary Basis	<u>251,322</u>	<u>251,322</u>	<u>251,334</u>	<u>12</u>
Receipts:				
Ad Valorem Taxes	95,380	95,380	101,333	5,953
Intergovernmental Revenue			215	215
Miscellaneous Revenues	7,560	9,068	15,580	6,512
Total Receipts, Budgetary Basis	<u>102,940</u>	<u>104,448</u>	<u>117,128</u>	<u>12,680</u>
Expenditures:				
Health and Welfare	139,262	140,770	96,521	44,249
Capital Outlay	215,000	215,000	17,000	198,000
Total Expenditures, Budgetary Basis	<u>354,262</u>	<u>355,770</u>	<u>113,521</u>	<u>242,249</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	254,941	<u>\$ 254,941</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			51,460	
Add: Current Year Outstanding Warrants			1,197	
Ending Cash Balance			<u>\$ 307,598</u>	

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

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

Budgetary Schedule

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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

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
WOODS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Woods County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Woods County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 6, 2009. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. 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 Woods 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 2007-2, 2007-5, 2007-6, and 2007-7 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woods 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 2007-1, 2007-3, and 2007-4.

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

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

April 6, 2009

**WOODS 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 – Tax Roll Corrections

Criteria: Title 68 O.S. § 2874 states in part, “Whether upon discovery by the county treasurer or county assessor or any of their deputies, or upon complaint of the taxpayer, the agent or attorney or any person acting on behalf of the taxpayer, upon certificate of clerical error issued by the county assessor to the county treasurer, with a copy to the county clerk and a copy retained, the county treasurer shall be authorized to make correction upon the tax rolls of either of the following specifically enumerated errors of strictly clerical import not involving valuations assessed and equalized and not involving any exemption allowed whether of homestead, service in the armed forces, charitable, educational, religious, or other authorized exemptions, and which clerical error certificates shall issue only under the conditions stated as to each, as follows:

1. Error in the name of the person assessed...
2. Error in the address...
3. Error in the legal description of real property...
4. Error in land-list entry...
5. Error in the school district designation...
7. Error commonly called duplicate assessment, but only in instances where the two entries as delivered to the county treasurer are verified by the county treasurer or deputy to be completely identical in every specific detail; and
8. Error in transcribing to the tax rolls from assessment rolls or assessment lists...

Condition: Erroneous certificates of error are being issued. All five certificates of clerical error tested were incorrect as follows:

Certificate #3 was for illegal homestead.

Certificate #4 was for homestead exemption posting error.

Certificate #5 was to make tax exempt for 100% disabled vet applied.

Certificate #6 was to change to tax exempt entity.

Certificate #7 was for illegal homestead.

Effect: This condition results in inaccurate tax rolls and unauthorized corrections. It could also result in improprieties in the administering of ad valorem tax assessments and charges.

Recommendation: OSAI recommends the County Assessor implement policies and procedures as set forth in 68 O.S. § 2874, and use the following forms:

(1) COUNTY ASSESSOR’S CERTIFICATE OF CLERICAL ERROR for changes made due to clerical errors that do not change the monetary value of the tax information,

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

(2) COMPLAINT OF ERRONEOUS ASSESSMENT AND ORDER OF CORRECTION for erroneous assessments, which change the monetary value of the taxes, and

(3) CERTIFICATE OF ASSESSMENT OF OMITTED REAL AND/OR PERSONAL PROPERTY for omitted property.

Views of responsible officials and planned corrective actions: The County Assessor will use the correct tax roll form to make changes to assessed values or dollar values.

Finding 2007-2 – Encumbrance of Purchase Orders

Criteria: Statutory control requirements have been established for county government for the timely encumbrance of sheriff purchase orders. Title 19 O.S. § 1505.C(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;...” In addition, 19 O.S. § 1505.E (2) (3) states, “...upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered; (3) if no such purchase order has been provided the receiving officer shall refuse delivery of the item...”

Condition: In the testing of 61 purchase orders, 11 instances were noted in which goods or services were received prior to funds being encumbered.

Effect: The County is not following purchasing procedures established by state statutes, which results in unencumbered county expenditures.

Recommendation: OSAI recommends the County place an emphasis on encumbering funds prior to receiving goods or services as set forth in 19 O.S. § 1505.C(1)(2) and E(2)(3).

Views of responsible officials and planned corrective actions: The County agrees to adhere to comply as with state statutes regarding encumbering of funds.

Finding 2007-3– Lowest and Best Bid

Criteria: Title 19 O.S. § 1505.B.4. states in part, “The board of county commissioners shall select the lowest and best bid based upon the availability of material and transportation cost to the job site within thirty (30) days of the meeting. For any special item not included on the list of commonly used items, the requisitioning official shall review the bids and submit a written recommendation to the board before final approval. The board of county commissioners shall keep a written record of the meeting as required by law, and any time the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded.”

Condition: The test of 61 purchase orders revealed that in two instances the vendor did not have the low

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

bid. There was no documentation of why the lowest bid was not selected.

Effect: Bidding procedures may have been circumvented.

Recommendation: OSAI recommends that items be purchased from the lowest and best bidder; and any time items are not purchased from the lowest bidder, the reason should be documented in the minutes as set forth in 19 O.S. § 1505.B.4.

Views of responsible officials and planned corrective action: The County Clerk will document in detail the reason the low bid was not accepted as directed by the Board of County Commissioners.

Finding 2007-4– Six-Month Bids Proof of Publication and Notification

Criteria: Title 19 O.S. § 1505.B.5. states in part, “The county purchasing agent shall notify the successful bidders and shall maintain a copy of the notification.”

Condition: Proof of notification to successful bidders was not located for the six-month time period June 1, 2006 to December 31, 2006.

Effect: Documentation was not available to support whether the County was in compliance with state bidding laws.

Recommendation: OSAI recommends that the purchasing agent notify the successful bidder and keep proof of notification of bids on file as set forth in 19 O.S. § 1505.B.5.

Views of responsible officials and planned corrective action: The County Clerk will verify that successful vendors are notified in writing and that the notification is maintained.

Finding 2007-5 – Detailed Invoices

Criteria: Statutory control requirements have been established for county government for detailing of invoices. Title 19 O.S. § 1505.E.9. states, “The invoice shall state the name and address of the vendor and must be sufficiently itemized to clearly describe each item purchased, the unit price when applicable, the number or volume of each item purchased, the total price, the total purchase price, and the date of the purchase.”

Condition: The test of 61 purchase orders revealed that the invoice for purchase order #2447 did not clearly state what was purchased, the number of items purchased, the unit price of items purchased, or the date the items were purchased.

Effect: Documentation was not available to support the purchase acquisition.

Recommendation: OSAI recommends that the purchasing agent obtain a detailed invoice from each

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

vendor as set forth in 19 O.S. § 1505.E.9.

Views of responsible officials and planned corrective action: The County Clerk has an invoice detailing the items purchased and it is now on file.

Finding 2007-6 – Information Systems – Passwords

Criteria: In Control Objectives for Information and related Technology (COBIT) Deliver and Support 5.4, there is outlined a procedure for ensuring security for applications. This security also involves the complexity of passwords. Passwords should be alpha numeric, including special characters and at least six characters in length. There should be some form of enforced complexity and change at specified intervals. The recommended interval is once every six months.

Condition: It was noted that the County does utilize passwords. However, the County does not require passwords to be changed on a regular basis.

Effect: This condition could allow for unauthorized access to the office's information systems, resulting in the possible loss and corruption of recorded information.

Recommendation: OSAI recommends senior management schedule and maintain password changes throughout the year.

Views of responsible officials and planned corrective action: The County Commissioners have hired a technical support employee to provide assistance with computer support.

Finding 2007-7 – Information Systems – Policy and Procedures

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT, Planning and Organization, P06), management should ensure that users are aware of their aims and direction by establishing policies and standards and ensuring this information is communicated to the users.

Condition: The County did not have written Information Systems policy and procedures.

Effect: Failure to have written policies and procedures in place with regards to entity's information systems may subject the system to inappropriate use and negatively impact the integrity of the system.

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

Recommendation: OSAI recommends management establish written policies and procedures for the use of the County's Information System, including internet activity, password requirements, and acceptable use, in order to make employees aware of their responsibilities regarding security and activity related to the Information System.

Views of responsible officials and planned corrective actions: The County Commissioners technical support employee will address the issues of policies and procedures.



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