

WOODWARD COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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October 27, 2010

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward County, Oklahoma for the fiscal year ended June 30, 2009. 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

**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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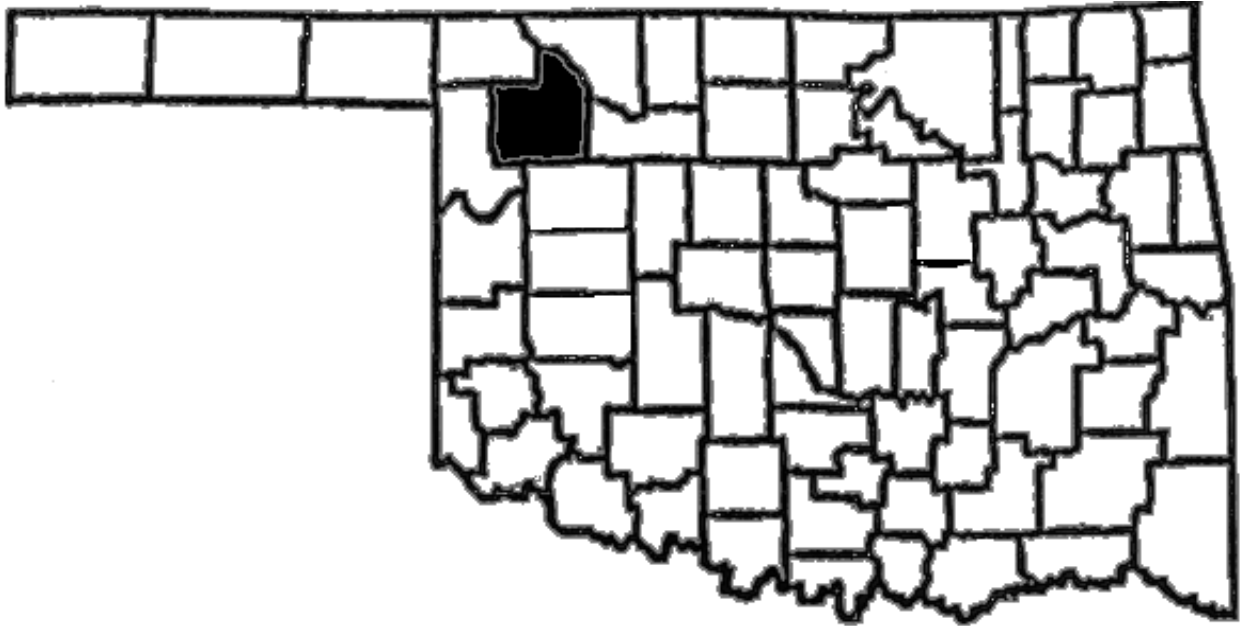
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**REPORT TO THE CITIZENS
OF
WOODWARD COUNTY, OKLAHOMA**



When the Cherokee Outlet was opened to settlement in 1893, the name “Woodward” was given to the Atchison, Topeka, and Santa Fe station in central “N” County, Oklahoma Territory. The name was given later to the County.

Agriculture and petroleum have contributed to the County’s economy.

Scenic areas include Boiling Springs State Park northeast of Woodward, and Alabaster Caverns State Park in the northern section of the County. Fort Supply Reservoir provides hunting, fishing, camping, and swimming activities.

County Seat - Woodward

Area – 1,246.01 Square Miles

County Population - 19,505
(2007 est.)

Farms – 892

Land in Farms - 783,200 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor’s report.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COUNTY ASSESSOR

Debbie Gentry

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

Ron Hohweiler

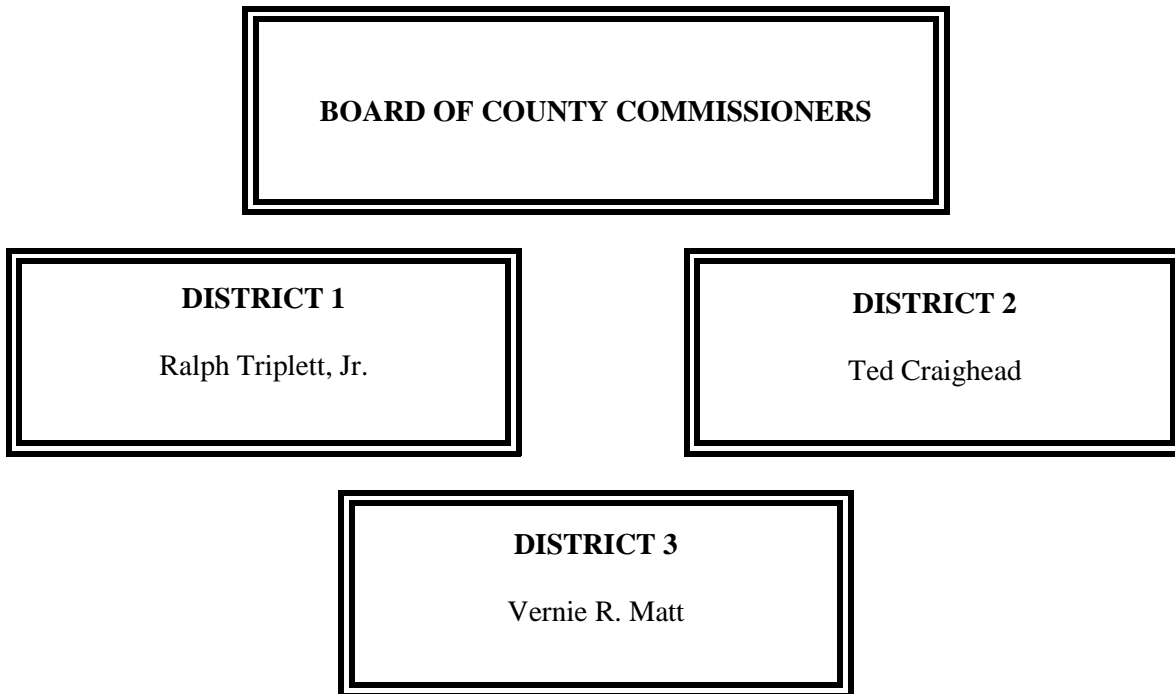
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



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.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COUNTY SHERIFF

Gary Stanley

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

Wilma Blaylock

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.

See independent auditor's report.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COURT CLERK

Jenny Hopkins

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.

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.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

ELECTION BOARD SECRETARY

Carol Carrell

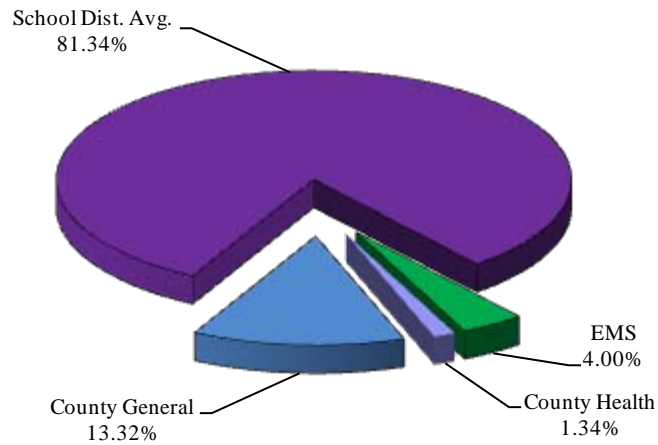
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**WOODWARD COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 | Common | Total |
| County General | 10.46 | | | | | | | | |
| County Health | 1.05 | Woodward | I-1 | 36.20 | 5.17 | 18.66 | 12.54 | 4.18 | 76.75 |
| EMS | 3.14 | Mooreland | I-2 | 37.25 | 5.32 | 10.73 | 12.54 | 4.18 | 70.02 |
| | | Sharon/Mutual | I-3 | 37.50 | 5.36 | 5.01 | 12.54 | 4.18 | 64.59 |
| | | Fort Supply | I-5 | 37.24 | 5.32 | 1.36 | 12.54 | 4.18 | 60.64 |
| | | Ellis | Jt I-26 | 37.31 | 5.33 | 5.10 | 12.54 | 4.18 | 64.46 |
| | | Ellis | Jt I-3 | 39.06 | 5.58 | 8.62 | | 4.18 | 57.44 |
| | | Dewey | Jt I-5 | 38.11 | 5.44 | 14.96 | | 4.18 | 62.69 |
| | | Dewey | Jt I-8 | 35.72 | 5.10 | 4.02 | | 4.18 | 49.02 |
| | | Woods | Jt I-3 | 36.56 | 5.22 | 8.61 | 13.83 | 4.18 | 68.40 |
| | | Woods | Jt I-6 | 37.37 | 5.34 | 3.79 | 13.83 | 4.18 | 64.51 |

See independent auditor's report.

**WOODWARD COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

| | | |
|---|---|-----------------------|
| Total net assessed value as of January 1, 2008 | | <u>\$ 152,473,058</u> |
| Debt limit - 5% of total assessed value | | 7,623,653 |
| Total bonds outstanding | - | |
| Total judgments outstanding | - | |
| Less cash in sinking fund | - | <u>-</u> |
| Legal debt margin | | <u>\$ 7,623,653</u> |

See independent auditor's report.

**WOODWARD COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

| | 2009 |
|---|----------------|
| Estimated population | 19,505 |
| Net assessed value as of January 1, 2008 | \$ 152,473,058 |
| 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.

**WOODWARD COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
 (UNAUDITED)**

| Valuation Date | Personal | Public Service | Real Estate | Homestead Exemption | Net Value | Estimated Fair Market Value |
|-------------------|--------------|-------------------|----------------|------------------------|---------------|-----------------------------------|
| 1/1/2008 | \$54,367,744 | \$21,273,240 | \$81,129,036 | \$4,296,962 | \$152,473,058 | \$1,297,515,341 |

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
WOODWARD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Woodward County, Oklahoma, as of and for the year ended June 30, 2009, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Woodward 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.

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.

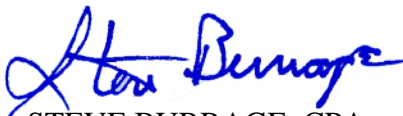
In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Woodward County as of June 30, 2009, or 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 Woodward County for the year ended June 30, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2010, on our consideration of Woodward 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

September 27, 2010

Basic Financial Statement

**WOODWARD COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

| | Beginning Cash Balances July 1, 2008 | Receipts Apportioned | Disbursements | Ending Cash Balances June 30, 2009 |
|--|--|-------------------------|----------------------|--|
| Combining Information: | | | | |
| County General Fund | \$ 1,570,241 | \$ 2,510,649 | \$ 2,508,449 | \$ 1,572,441 |
| County Highway Cash | 2,364,479 | 4,690,884 | 5,066,802 | 1,988,561 |
| County Health Department | 85,159 | 172,328 | 117,982 | 139,505 |
| Resale Property | 101,779 | 31,629 | 28,019 | 105,389 |
| Treasurer Mortgage Tax Certification Fee | 34,452 | 5,335 | 14,101 | 25,686 |
| County Clerk Lien Fee | 54,151 | 25,384 | 15,044 | 64,491 |
| County Clerk Records Preservation Fee | 41,588 | 44,490 | 64,908 | 21,170 |
| County Assessor Visual Inspection | 8,534 | | | 8,534 |
| County Assessor Revolving | 18,970 | 26,893 | 32,273 | 13,590 |
| Sheriff Jail Commissary | 11,111 | 125 | | 11,236 |
| Fort Supply Lake Patrol | 827 | 9,226 | 9,776 | 277 |
| Sheriff Prisoner Revolving | 24,742 | 74,757 | 79,294 | 20,205 |
| Sheriff Service Fee | 78,423 | 111,478 | 42,872 | 147,029 |
| Sheriff Special | 1,746 | | | 1,746 |
| Sheriff Training | 140 | | 100 | 40 |
| Northwest Oklahoma Juvenile Detention Center | 26,778 | 79 | | 26,857 |
| Northwest Oklahoma Cattle/Rural | 1,020 | | | 1,020 |
| County Sales Tax | 825,778 | 871,365 | 831,203 | 865,940 |
| UTPHONE E-911 | 73,088 | 293,427 | 303,251 | 63,264 |
| Sanitary Landfill | 762,487 | 894,466 | 991,073 | 665,880 |
| Sara Title III | 4,898 | | | 4,898 |
| Wireless 911 Cell Phones | 124,767 | 107,057 | 73,680 | 158,144 |
| Emergency Shelter Grant | | 50,000 | 50,000 | |
| REAP | | 37,724 | 37,724 | |
| Combined Total--All County Funds | \$ 6,215,158 | \$ 9,957,296 | \$ 10,266,551 | \$ 5,905,903 |

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

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 Woodward County, Oklahoma. The financial statement referred to includes only the primary government of Woodward County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

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

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

County Highway Cash - 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.

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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

Sheriff Jail Commissary – accounts for the profit on collection of funds on items sold to prisoners and used to purchase additional merchandise to be sold.

Fort Supply Lake Patrol – accounts for the collections from the State of Oklahoma to pay a sheriff deputy to patrol Fort Supply Lake Area.

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

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

Sheriff Special – accounts for donations given to the Sheriff’s office and used to purchase ammunition.

Sheriff Training – accounts for the monies collected from the sale of unclaimed personal property. The statutes allow for the purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

Northwest Oklahoma Juvenile Detention Center - accounts for all grants to support the programs and services provided at the Juvenile Detention facility.

Northwest Oklahoma Cattle/Rural – accounts for restitution and donations to combat cattle theft.

County Sales Tax – accounts for the sales tax collected and spent on behalf of the following entities: fire fighting services (37.5%); county fair board (16.5%); OSU Extension Office (16.5%); fire safety and prevention (12%); and drug abuse assistance education (17.5%).

UTPHONE E-911 – accounts for five percent of a wireless 911 fee received from Excel Phone Company.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Sanitary Landfill – accounts for the fees collected for the use of the landfill and the expense of operation of the landfill.

Sara Title III - accounts for the \$20 fee for the Local Emergency Planning Committee for filing hazardous material reports, and for the donations to defray the cost of searching for the body of Logan Tucker.

Wireless 911 Cell Phones – accounts for the revenue from fees charged on cell phones in order to fund the E911 system. The funds are collected through OEDA and passed on to the County. They are kept separate from the landline fees, because the cellular 911 phase of the system is not functional.

Emergency Shelter Grant – accounts for the grants received to provide emergency shelters within the County.

REAP – accounts for state grants for the purpose of providing repairs and painting the tower of the Quinlan Community Rural Water District.

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

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 Woodward County employees shall be entitled to vacation leave that is accrued on a monthly basis in accordance with the schedule outlined below, to be awarded on the employee's employment anniversary date.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

| Years of Service | Accrual Rate | Accrual Limits |
|-------------------------|---------------------|-----------------------|
| 1 year | 5 days vacation | 5 days vacation |
| 2 to 4 years | 10 days vacation | 5 days vacation |
| 5 to 14 years | 12 days vacation | 5 days vacation |
| 15 or more | 15 days vacation | 5 days vacation |

Vacation must be earned before it is taken. No vacation will be longer than 10 consecutive working days without permission of the appropriate elected official. Vacation schedules are subject to elected official approval.

Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.

All full-time Woodward 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 ½ day for each full calendar month of service to the County for employees with less than 5 years of continuous service. Sick leave shall accumulate at the rate of 1 day for each full calendar month of service to the County for employees with 5 years or more of continuous service. Sick leave may be accrued up to a maximum of 45 days.

When terminating employment with the County, an employee may not collect pay for accrued sick leave.

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, 2008, was approximately \$152,473,058.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.46 mills for general fund operations, 1.05 mills for county health department, and 3.14 mills for emergency medical services. 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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.

Current year tax collections for the year ended June 30, 2009, were approximately 95.06 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 | | |

ACCO-SIG – The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating member chooses a deductible amount (\$10,000, \$25,000, or \$50,000). 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 County’s deductible amount. The pool has acquired specific excess insurance with retention limits of \$250,000 for property claims and \$500,000 for general liability claims. The pool has acquired reinsurance in the amount of \$2,000,000 for general liability and \$50,000,000 per occurrence for property to cover claims that exceed the pool’s retention limits. If claims exceed pool assets, the County could be liable for its share of the pool’s

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

deficit. 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, but have a one-time fee of 3% on all pieces of machinery 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 9.5% and 14.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 14.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2009, 2008, and 2007, were \$411,920, \$348,305, and \$312,486, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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. Amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined, 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

An unlimited one-fifth percent sales tax became effective June 1, 1994. The sales tax is distributed among the following entities within the County Sales Tax Fund: fire fighting services (37.5%); county fair board (16.5%); OSU Extension Office (16.5%); fire safety and prevention (12%); and drug abuse assistance education (17.5%).

OTHER SUPPLEMENTARY INFORMATION

WOODWARD 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, 2009

| | General Fund | | | |
|--|--------------|--------------|--------------|----------|
| | Original | Final | Actual | Variance |
| | Budget | Budget | | |
| Beginning Cash Balances | \$ 1,570,241 | \$ 1,570,241 | \$ 1,570,241 | \$ - |
| Less: Prior Year Outstanding Warrants | (104,177) | (104,177) | (104,033) | 144 |
| Less: Prior Year Encumbrances | (50,323) | (50,323) | (37,645) | 12,678 |
| Beginning Cash Balances, Budgetary Basis | 1,415,741 | 1,415,741 | 1,428,563 | 12,822 |
| Receipts: | | | | |
| Ad Valorem Taxes | 1,449,880 | 1,449,880 | 1,552,834 | 102,954 |
| Charges for Services | 117,827 | 117,827 | 207,303 | 89,476 |
| Intergovernmental Revenues | 125,624 | 125,624 | 506,112 | 380,488 |
| Miscellaneous Revenues | 6,474 | 6,474 | 244,400 | 237,926 |
| Total Receipts, Budgetary Basis | 1,699,805 | 1,699,805 | 2,510,649 | 810,844 |
| Expenditures: | | | | |
| District Attorney | 3,000 | 3,000 | 2,570 | 430 |
| County Sheriff | 872,536 | 872,536 | 859,280 | 13,256 |
| County Treasurer | 211,694 | 211,694 | 205,732 | 5,962 |
| County Commissioners | 267,144 | 267,144 | 27,009 | 240,135 |
| County Clerk | 306,816 | 306,816 | 281,509 | 25,307 |
| Court Clerk | 247,881 | 247,881 | 246,111 | 1,770 |
| County Assessor | 194,902 | 194,902 | 194,039 | 863 |
| Revaluation of Real Property | 192,315 | 192,315 | 175,589 | 16,726 |
| Juvenile Shelter | 22,800 | 22,800 | 14,870 | 7,930 |
| General Government | 673,995 | 673,995 | 417,053 | 256,942 |
| Excise-Equalization Board | 3,501 | 3,501 | 2,636 | 865 |
| County Election Board | 74,734 | 74,734 | 69,898 | 4,836 |

continued on next page

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

**WOODWARD 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, 2009**

continued from previous page

| | Original Budget | Final Budget | Actual | Variance |
|---|--------------------|-----------------|---------------------|-------------------------|
| Recording Account | 11,000 | 11,000 | 10,533 | 467 |
| Civil Defense | 15,481 | 15,481 | 15,430 | 51 |
| Charity | 2,000 | 2,000 | 463 | 1,537 |
| County Audit Budget | 15,247 | 15,247 | 15,247 | - |
| Provision for interest on warrants | 500 | 500 | - | 500 |
| Total Expenditures, Budgetary Basis | 3,115,546 | 3,115,546 | 2,537,969 | 577,577 |
| Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis | <u>\$ -</u> | <u>\$ -</u> | 1,401,243 | <u>\$ 1,401,243</u> |
| Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances | | | | |
| Add: Current Year Encumbrances | | | 85,901 | |
| Add: Current Year Outstanding Warrants | | | 85,297 | |
| Ending Cash Balance | | | <u>\$ 1,572,441</u> | |

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

**WOODWARD 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, 2009**

| | County Health Department Fund | | | |
|---|-------------------------------|----------------|-------------------|-------------------|
| | Original | Final | Actual | Variance |
| | Budget | Budget | | |
| Beginning Cash Balances | \$ 85,159 | \$ 85,159 | \$ 85,159 | \$ - |
| Less: Prior Year Outstanding Warrants | (2,661) | (2,661) | (2,661) | |
| Less: Prior Year Encumbrances | (13,651) | (13,651) | (1,877) | 11,774 |
| Beginning Cash Balances, Budgetary Basis | <u>68,847</u> | <u>68,847</u> | <u>80,621</u> | <u>11,774</u> |
| Receipts: | | | | |
| Ad Valorem Taxes | 145,542 | 145,542 | 155,877 | 10,335 |
| Charges for Services | | 11,178 | 11,178 | |
| Intergovernmental Revenues | | | 5,273 | 5,273 |
| Total Receipts, Budgetary Basis | <u>145,542</u> | <u>156,720</u> | <u>172,328</u> | <u>15,608</u> |
| Expenditures: | | | | |
| Health and Welfare | 214,389 | 225,567 | 127,567 | 98,000 |
| Total Expenditures, Budgetary Basis | <u>214,389</u> | <u>225,567</u> | <u>127,567</u> | <u>98,000</u> |
| Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis | <u>\$ -</u> | <u>\$ -</u> | 125,382 | <u>\$ 125,382</u> |
| Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances | | | | |
| Add: Current Year Encumbrances | | | 6,716 | |
| Add: Current Year Outstanding Warrants | | | 7,407 | |
| Ending Cash Balance | | | <u>\$ 139,505</u> | |

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

**WOODWARD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Budgetary Schedule

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

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

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

STATE 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
WOODWARD COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Woodward County, Oklahoma, as of and for the year ended June 30, 2009, which comprises Woodward County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 27, 2010. 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. 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 Woodward 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 2009-1, 2009-2, 2009-5, 2009-6, and 2009-7 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

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

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

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

This report is intended solely for the information and use of Woodward 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

September 27, 2010

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 2009-1 – Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: We noted instances in which a single person could be responsible for the duties of recording, authorization, and custody of transactions:

- A single person may be responsible for receiving, receipting, posting, and preparing deposits for ad valorem revenue.
- A single person may be responsible for receiving, receipting, posting, and preparing deposits for miscellaneous receipts.
- Bank reconciliations are performed by the same individuals who have responsibility for receiving, receipting, and posting of revenue transactions.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: Management has been made aware of the proper accounting of funds, duties and responsibilities that should be segregated among different individuals to reduce the risk of error or fraud. Compensating controls to mitigate risks involved with a concentration of duties are being implemented in each office.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Finding 2009-2—Financial Statement Disclosures (Repeat Finding)

Criteria: The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. This includes preparation of the financial statements and accompanying notes to the financial statements in accordance with applicable accounting principles. Statement on Auditing Standards (SAS) No. 112 indicates that a control deficiency exists when management does not have adequate expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards indicate that the external financial statement auditor cannot perform any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to ensure all required disclosures are presented with the financial statement that is presented on an Other Comprehensive Basis of Accounting (OCBOA).

Effect: The potential exists for misstatements to go undetected, specifically for the completeness of required financial statement disclosures.

Recommendation: OSAI recommends the County implement a review process for the financial statements and accompanying notes. The County may consider one or more of the following to ensure proper internal controls:

- Using a checklist or financial statement guide to facilitate the review process.
- Having at least one staff member with sufficient skills necessary to understand the preparation of a complete set of year-end financial statements.

Views of responsible officials and planned corrective actions: Management plans to implement a review process for financial statement preparation and has contacted our budget makers Yadon & Putnam CPAs to prepare the required financial statements required for our County.

Finding 2009-5 – Segregation of Duties – Sanitary Landfill (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of funds, and record transactions. Effective internal controls include depositing funds collected on a daily basis.

Condition: Custody, transaction authorization, bookkeeping, and reconciliations of funds received for the Sanitary Landfill were not properly segregated to assure adequate internal control.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

At the landfill, one employee weighs vehicles, prints receipts, collects money, and reconciles collections to receipts on a daily basis.

Approximately two times per week, this employee brings the funds collected and copies of the receipts issued to the Commissioner's secretary. It was noted that funds collected at the Sanitary Landfill were not deposited on a daily basis.

The Commissioner's secretary prepares deposits, bills charge customers, collects payments on accounts, and reconciles account receipts for the fund.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

OSAI further recommends the Sanitary Landfill deposit collections on a daily basis, to provide effective controls over the custody of funds.

Views of responsible officials and planned corrective actions: The County Commissioner's Secretary monitors and records all of the daily transactions, and these must match with the Sanitary Landfill records. The Commissioner's Secretary also does all of the Landfill billing from these records. To further comply with OSAI recommendations, a cash fund account will be developed and all daily receipts will be deposited nightly with the Treasurer's office. A cash fund of \$200 will be maintained and all nightly deposits will be checked with receipts for accuracy.

OSAI Response: OSAI recommends management consider compensating controls over the landfill billing.

Finding 2009-6 – Sheriff Service Fees, Receipts and Deposits (Repeat Finding)

Criteria: Effective internal controls include the use of pre-numbered duplicate receipts, agree receipts to the daily deposit, and depositing daily all funds received.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Condition: The test of receipts for the Sheriff Service Fee revealed the following exceptions:

- At least four days lapsed between the receipt and deposit of 124 receipts.
- One receipt did not agree to the amount deposited.
- Twenty-six deposits did not have corresponding receipts on the Sheriff's bookkeeping system.
- One receipt was issued subsequent to the money being deposited.
- Receipts 836 and 928 were missing from the receipt database.
- Cash bonds were not consistently posted in the Quicken Software, but were hand-written on pre-printed receipts.

Effect: These conditions could result in undetected errors, misstated financial reports, and opportunities for misappropriation of funds.

Recommendation: OSAI recommends a pre-numbered duplicate receipt be issued at the time of collection for all collections, the amount of receipts be agreed to deposits and all variances be investigated, and all funds be deposited daily.

Views of responsible officials and planned corrective actions: Sheriff's deposits will be made daily. The actual dollar amount of deposits will be double checked against the receipt before delivery to the County Treasurer, and will be made in a timely manner. All monthly fees from the Court Clerk are now receipted in the accounting software. Also, all other fees received for the Sheriff's Office are now receipted. Receipts may have been voided due to error. Receipts will no longer be voided. Cash bond will be consistently posted.

Finding 2009-7 – Sheriff Accounting Software (Repeat Finding)

Criteria: Control Objectives for Information and Related Technology (COBIT) Control Objective AI2.3 (Application Control and Auditability) states:

Implement business controls, where appropriate, into automated application controls such that processing is accurate, complete, timely, authorized and auditable.

Condition: The Sheriff's Office uses 2007 Quicken Home and Business Software to issue receipts and vouchers. The following deficiencies in the software program were noted:

- Receipt and voucher data input into the Quicken software may be changed at any time.
- The software does not contain an audit log to track changes made to entries input into the system.
- Passwords for 2007 Quicken Home and Business Software were shared between employees in the Sheriff's Office.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Effect: These conditions could result in incomplete data, unrecorded transactions, errors or misappropriation of funds.

Recommendation: OSAI recommends the Sheriff utilize software that does not allow changes to entries after they are made, or changes are limited to personnel who have authority to make changes. An audit log should be implemented for the system to track all changes and the audit log be reviewed by appropriate personnel. Further, OSAI recommends that each employee have a login and password that is not shared between users, to provide effective controls over the integrity of the data.

Views of responsible officials and planned corrective actions: The County Sheriff's Office has purchased QuickBooks Financial Software to replace existing software to facilitate correcting auditing problems.

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

Finding 2009-3 – Segregation of Duties – Depository Accounts (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: Official depository accounts are not reported on the basic financial statement; however, a lack of segregation of duties exists with regards to the following accounts:

The County Treasurer's office, with respect to official depository accounts, has one deputy that performs most of the collection duties; issuing receipts, endorsing the checks that are receipted, balancing the cash drawer to daily receipts, and preparing the deposit. The Treasurer then makes the deposit and posts all receipts to the daily report and general ledger.

The County Assessor's office, with respect to official depository accounts, has staff that consists of two deputies and the officer. The officer opens the mail and one deputy receives and receipted the money. Another deputy posts receipts and deposits to the cash ledger, balances the cash drawer, prepares the deposit, takes the deposits to the Treasurer, and balances the account at month end to the Treasurer's balance.

The County Clerk's office, with respect to official depository accounts, has three deputies that can perform all receipting duties; however, these duties were not formally segregated and often times the same deputy performed all duties.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The County Sheriff's office, with respect to the official depository accounts, has one deputy that performs all receipting duties. The deputy opens the mail, writes receipts, balances the cash drawer to daily receipts, takes deposits to the bank, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. The same deputy prepares the vouchers, signs the vouchers, posts the vouchers to the cash book, and mails the vouchers for this account.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: Management has been made aware of the potential for misappropriations of funds that a single person having responsibility for more than one area of recording, authorization, custody of assets and performance of transactions presents. Every effort will be made by management to implement compensating controls to mitigate the risks involved with the concentration of duties by separating key process and critical functions of each County office. The County Treasurer, the County Clerk, the County Assessor, and County Sheriff are implementing compensating controls by separating critical functions of their individual offices. The Sheriff's deputy, who balances the account at the end of the month, no longer signs the vouchers.

Finding 2009-4 – Transfer of Funds into Commissary Fund

Criteria: Title 19 O.S. § 531.A. states:

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 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.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Title 19 O.S. § 180.43.D. 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. 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: The Sheriff did not transfer funds expended on commissary items from the Inmate Trust Account to the Sheriff's Jail Commissary Account. Therefore, the Sheriff's Jail Commissary Account was understated by \$4,840.84 for the fiscal year.

Effect: This condition resulted in an understatement of funds in the Sheriff's Jail Commissary Account on the financial statement.

Recommendation: We recommend that funds for inmate purchases be transferred from the Inmate Trust Account to the Sheriff's Jail Commissary Account and expended as provided in 19 O.S. § 180.43.

Views of responsible officials and planned corrective actions: The profits from the sale of inmate commissary items will be transferred monthly as per 19 O.S. § 180.43 to the Sheriff Jail Commissary Account.



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