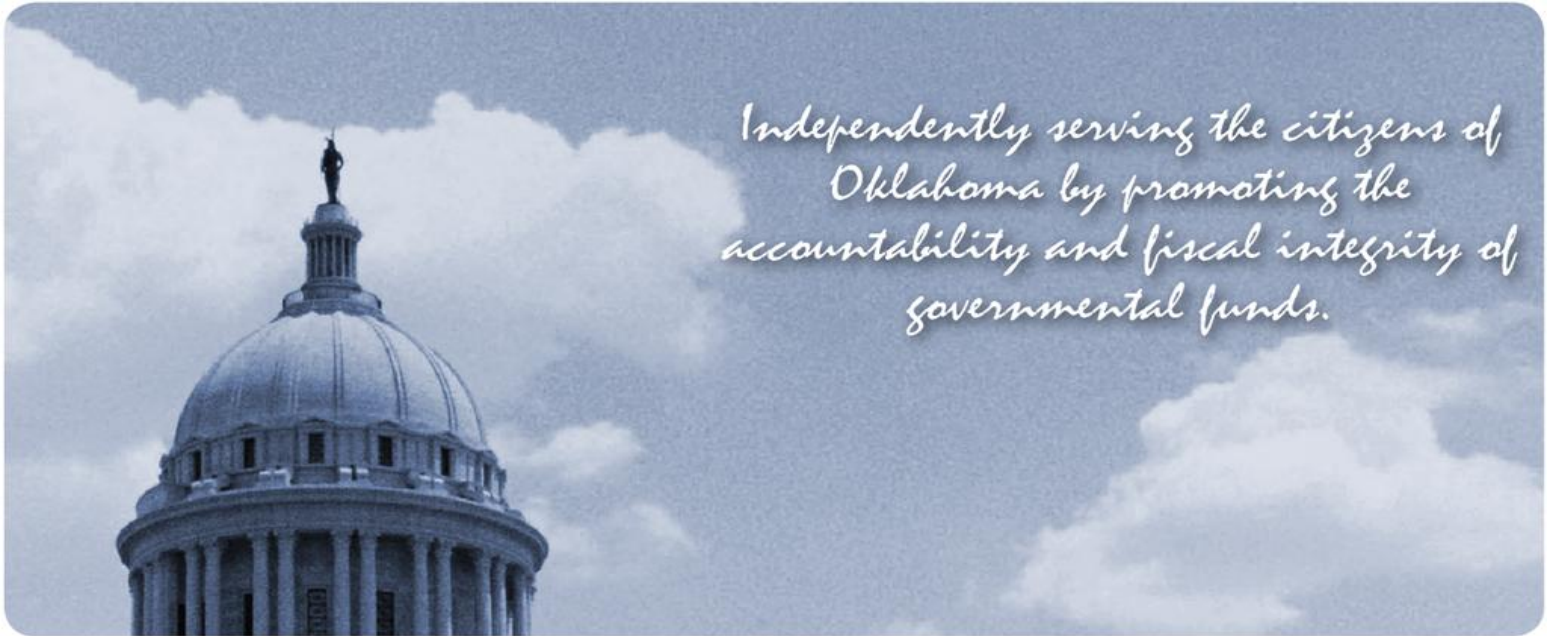


COUNTY AUDIT

WOODWARD COUNTY

For the fiscal year ended June 30, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

February 10, 2015

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward County, Oklahoma for the fiscal year ended June 30, 2013. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**WOODWARD COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Statistical Information.....	iii
County Officials.....	iv
Ad Valorem Tax Distribution	v
Assessed Value of Property Trend Analysis.....	vi
County Payroll Expenditures Analysis	vii
County General Fund Analysis	viii
County Highway Fund Analysis	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information)—Major Funds.....	4
Notes to the Financial Statement.....	5

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	10
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	12
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	13
Notes to Other Supplementary Information	14

**WOODWARD COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

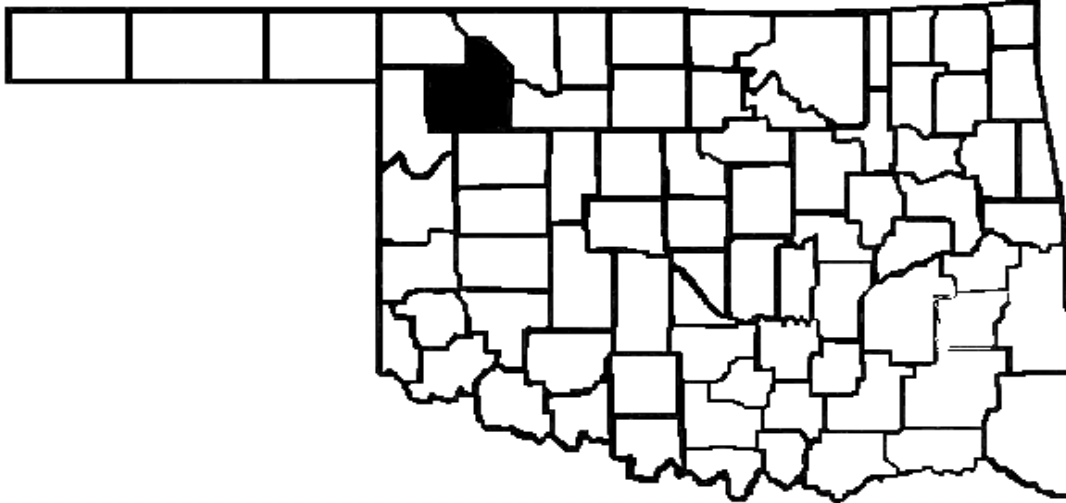
INTERNAL CONTROL AND COMPLIANCE SECTION

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..... 16

Schedule of Findings and Responses..... 18

INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES iii - ix
PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**WOODWARD COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



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.

Woodward, the county seat, became a shipping point for cattle, and in 1913, the United States located an agricultural research station there. Woodward celebrated its centennial year in 1987. It remains a hub for commerce in northwest Oklahoma.

Agriculture and petroleum have contributed to the county’s economy. Today Woodward Iodine, Western Farmer’s Electrical Cooperative, Bison Nitrogen, Terra Chemical, Deepwater Chemicals, and Mutual of Omaha are the examples of the county’s industrial development.

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. Boiling Springs Golf Course is rated on of the top ten public courses in the state.

History books written about the county include *Below Devil’s Gap; Woodward, First Century on Sand, Sage, and Prairie*; and *Sand In My Eyes*. A state tourism center is operated In Woodward. For additional information, call the county clerk’s office at 580/256-3625 or the Plains Indians and Pioneers Museum at 580/256-6136.

County Seat – Woodward

Area – 1,246.01 Square Miles

County Population – 20,548
(2012 est.)

Farms – 892

Land in Farms – 783,200 Acres

Primary Source: Oklahoma Almanac 2013-2014

**WOODWARD COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Tommy Roedell
District 2 – Randy Johnson
District 3 – Vernie R. Matt

County Assessor

Mistie Dunn

County Clerk

Charlotte Waggoner

County Sheriff

Gary Stanley

County Treasurer

Sonya Coleman

Court Clerk

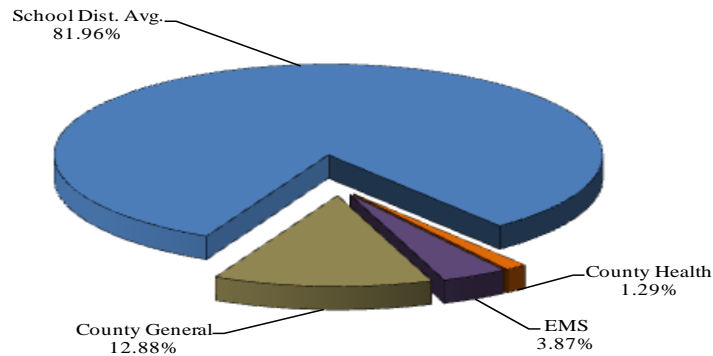
Jenny Hopkins

District Attorney

Hollis Thorp

**WOODWARD COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

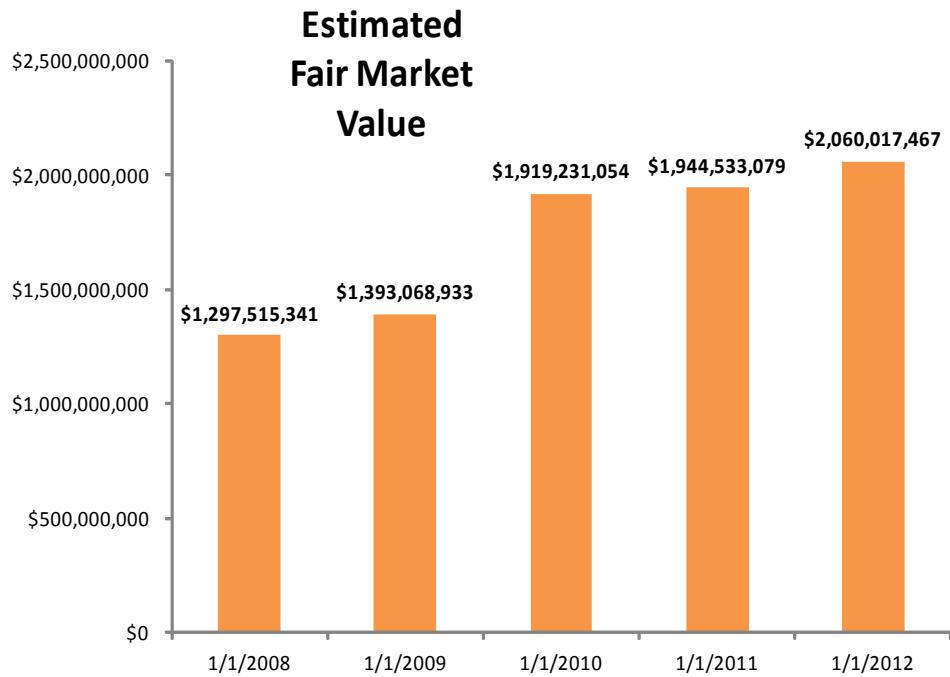
County General	10.46
County Health	1.05
EMS	3.14

School District Millages

		Career					Total
		Gen.	Bldg.	Skg.	Tech	Common	
Woodward	I-1	36.20	5.17	14.69	12.54	4.18	72.78
Mooreland	I-2	37.25	5.32	14.26	12.54	4.18	73.55
Sharon/Mutual	I-3	37.50	5.36	10.29	12.54	4.18	69.87
Fort Supply	I-5	37.24	5.32	10.20	12.54	4.18	69.48
Ellis	J-126	37.31	5.33	-	12.54	4.18	59.36
Ellis	J-13	39.06	5.58	4.21	-	4.18	53.03
Dewey	J-5	38.11	5.44	9.52	12.00	4.18	69.25
Dewey	J-8	35.72	5.10	3.42	-	4.18	48.42
Woods	J-3	36.56	5.22	4.15	13.83	4.18	63.94
Woods	J-6	37.37	5.34	2.01	13.83	4.18	62.73

**WOODWARD COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

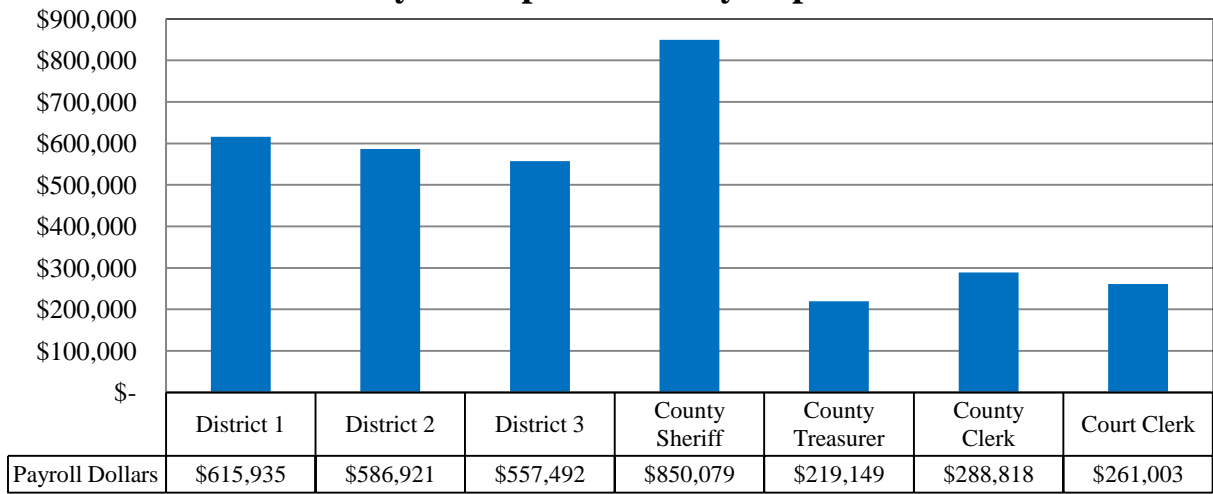
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$120,655,196	\$52,408,303	\$99,023,940	\$4,306,726	\$267,780,713	\$2,060,017,467
1/1/2011	\$112,027,028	\$51,383,710	\$94,332,061	\$4,382,697	\$253,360,102	\$1,944,533,079
1/1/2010	\$110,441,380	\$53,209,080	\$92,881,466	\$4,443,812	\$252,088,114	\$1,919,231,054
1/1/2009	\$67,980,118	\$25,520,291	\$85,785,813	\$4,314,989	\$174,971,233	\$1,393,068,933
1/1/2008	\$54,367,744	\$21,273,240	\$81,129,036	\$4,296,962	\$152,473,058	\$1,297,515,341



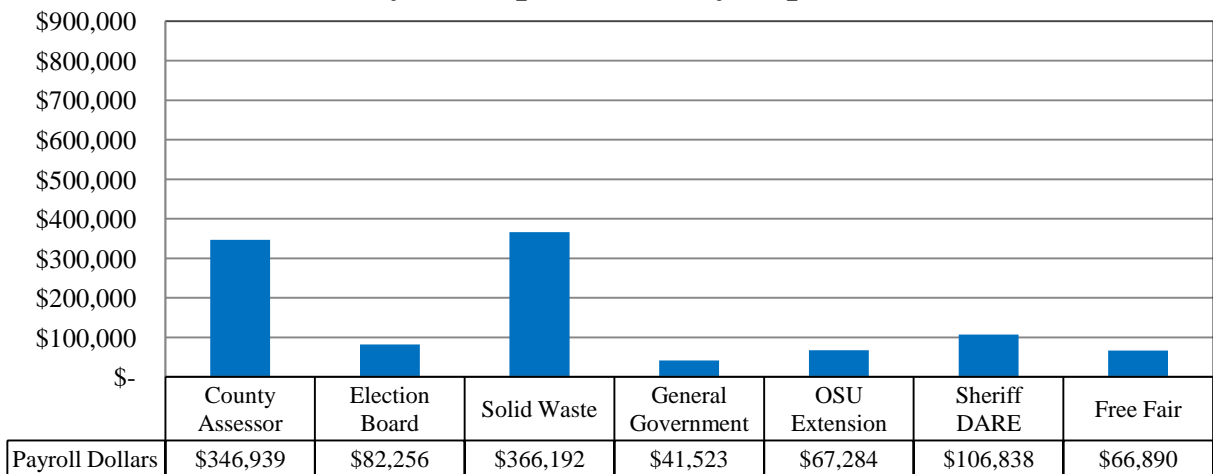
**WOODWARD COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2013.

Payroll Expenditures by Department



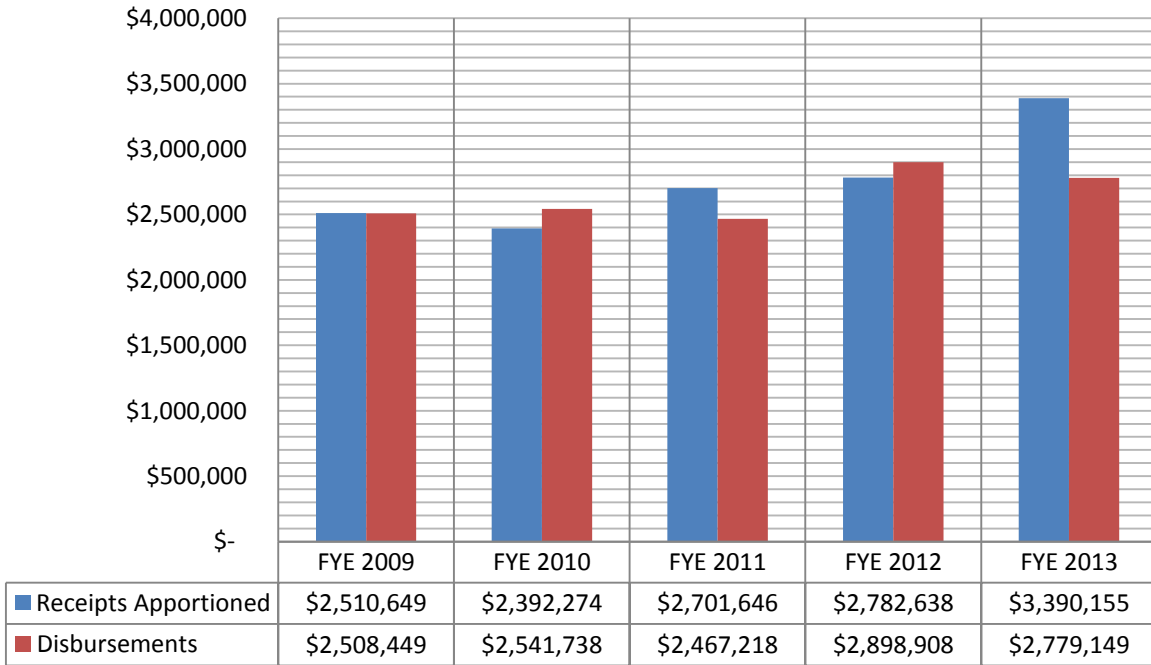
Payroll Expenditures by Department



**WOODWARD COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

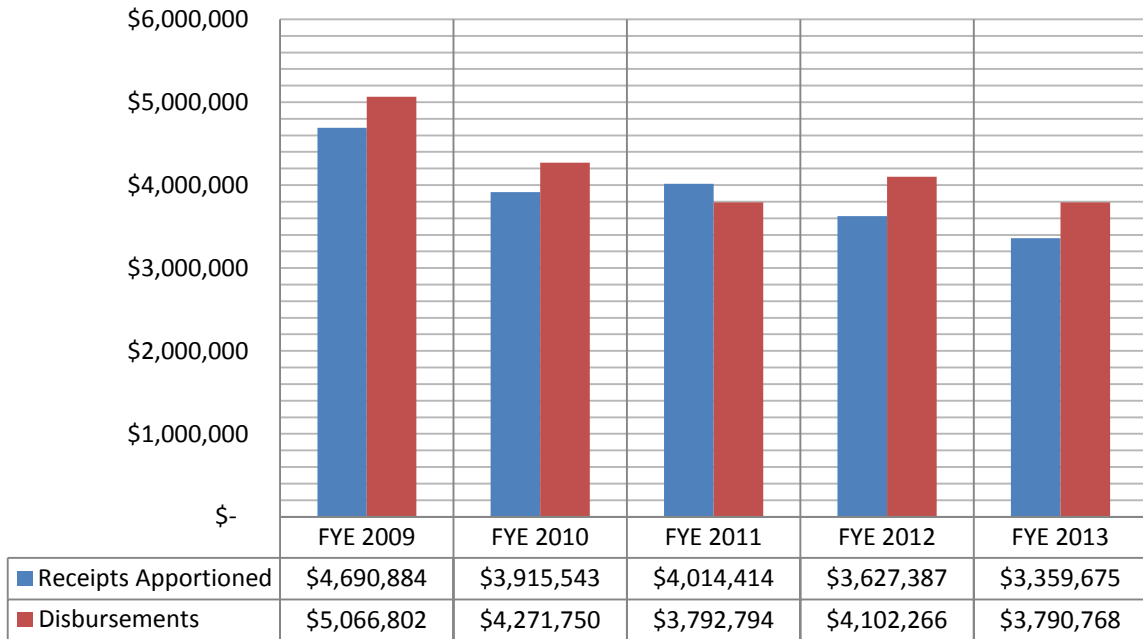
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county’s primary source of operating revenue. The County General Fund is typically used for county employees’ salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county’s ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County’s General Fund for the last five fiscal years.



**WOODWARD COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report

TO THE OFFICERS OF
WOODWARD COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Woodward County, Oklahoma, as of and for the year ended June 30, 2013, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Woodward County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Woodward County as of June 30, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

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 balances for all county funds of Woodward County, for the year ended June 30, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. 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 financial statement.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015, 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 in considering Woodward County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

February 9, 2015

REGULATORY BASIS FINANCIAL STATEMENT

**WOODWARD COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combining Information:						
Major Funds:						
County General Fund	\$ 1,550,704	\$ 3,390,155	\$ -	\$ 2,500	\$ 2,779,149	\$ 2,159,210
County Highway Cash	1,518,402	3,359,675			3,790,768	1,087,309
County Bridge and Road Improvement Fund 105	2,176,066	266,505	-	-	291,051	2,151,520
Sales Tax	2,232,370	4,325,878	-	-	3,107,700	3,450,548
Sanitary Landfill	1,181,976	1,858,003	-	-	983,553	2,056,426
County Health Department	396,651	281,698	-	-	313,593	364,756
Remaining Aggregate Funds	866,764	1,071,212	2,500	-	1,011,077	929,399
Combined Total - All County Funds	\$ 9,922,933	\$ 14,553,126	\$ 2,500	\$ 2,500	\$ 12,276,891	\$ 12,199,168

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, 2013**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Woodward County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. 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, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

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.

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 county funds included as combining 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 Bridge and Road Improvement Fund 105 – accounts for state receipts and disbursements are for the purpose of maintaining bridges and roads.

Sales Tax – accounts for the 1/5% of one cent 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%); drug abuse assistance education (17.5%); and Woodward County Detention Facility (.625% of one cent).

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

C. Basis of Accounting

The 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 regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

D. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. 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).

The County Treasurer has been authorized by the County’s governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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."

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.

3. Other Information

A. 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.

B. 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

C. Contingent Liabilities

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

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

D. Sales Tax

All sales tax collections are accounted for in the Sales Tax fund.

An unlimited one-fifth (1/5%) percent of one cent sales tax became effective June 1, 1994. The sales tax is distributed among the following entities within the 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%).

On August 11, 2009, county voters authorized a sales tax of five-eighths of one cent for the purpose of acquisition, construction and equipping a new Woodward County Detention Facility, and operating and maintaining the Woodward County Detention Facility. A portion of the sales tax, .425 of one (1) cent, shall have a limited duration of ten (10) years from the date of commencement, or until principal and interest upon indebtedness incurred on behalf of Woodward County at the Woodward County Public Facilities Authority in furtherance of the new county detention facility is paid in full, whichever occurs earlier. The remaining portion of such sales tax, one-fifth (.200) of one (1) cent, to continue until repealed by a majority of the electors of Woodward County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency.

On February 12, 2013, county voters authorized a one half of one (.50%) percent sales tax on gross receipts or proceeds on certain sales for the purpose of design, construction, financing, furnishings, capital facilities and improvements, equipment, fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new Woodward County Fairgrounds and Expo Facility to be located in Woodward County. The sales tax is to terminate thirteen (13) years from the effective date of the tax or at the date of retirement of any debt. One-Tenth (1/10) of one percent shall be perpetual to be used for operation and maintenance of the new fairgrounds and expo facility and shall remain outstanding until lawfully repealed.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

E. Interfund Transfer

An interfund transfer of \$2,500 was made from the County General Fund to the Resale Property fund to return funds originally used to open the unpoortioned bank account, but deposited into the County Gernal Fund.

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, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,550,704	\$ 1,550,704	\$ -
Less: Prior Year Outstanding Warrants	(123,424)	(123,424)	-
Less: Prior Year Encumbrances	(24,962)	(12,333)	12,629
Beginning Cash Balances, Budgetary Basis	<u>1,402,318</u>	<u>1,414,947</u>	<u>12,629</u>
Receipts:			
Ad Valorem Taxes	2,409,224	2,119,622	(289,602)
Charges for Services	69,972	585,816	515,844
Intergovernmental Revenues	133,697	557,081	423,384
Miscellaneous Revenues	6,652	127,636	120,984
Total Receipts, Budgetary Basis	<u>2,619,545</u>	<u>3,390,155</u>	<u>770,610</u>
Expenditures:			
District Attorney	3,000	2,873	127
County Sheriff	1,043,838	1,004,690	39,148
County Treasurer	233,880	231,283	2,597
County Commissioners	272,007	29,340	242,667
County Clerk	313,540	308,833	4,707
Court Clerk	274,002	268,763	5,239
County Assessor	214,669	208,050	6,619
Revaluation of Real Property	212,048	198,136	13,912
Juvenile Shelter Bureau	37,800	27,617	10,183
General Government	1,219,406	359,173	860,233
Excise-Equalization Board	3,511	2,865	646
County Election Board	98,490	95,910	2,580
Charity	2,000	550	1,450
Recording Account	11,000	10,657	343
Civil Defense	40,000	40,000	-
County Audit Budget Account	42,672	18,096	24,576
Total Expenditures, Budgetary Basis	<u>4,021,863</u>	<u>2,806,836</u>	<u>1,215,027</u>

Continued on next page

**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, 2013**

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Continued from previous page			
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	1,998,266	<u>\$ 1,998,266</u>
Operating Transfer Out		(2,500)	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		19,344	
Add: Current Year Outstanding Warrants		<u>144,100</u>	
Ending Cash Balance		<u>\$ 2,159,210</u>	

**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, 2013**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 396,652	\$ 396,651	(1)
Less: Prior Year Outstanding Warrants	(12,411)	(12,411)	-
Less: Prior Year Encumbrances	(3,918)	(3,273)	645
Beginning Cash Balances, Budgetary Basis	380,323	380,967	644
Receipts:			
Ad Valorem Taxes	241,965	212,773	(29,192)
Charges for Services	-	68,155	68,155
Intergovernmental	15,035	770	(14,265)
Total Receipts, Budgetary Basis	257,000	281,698	24,698
Expenditures:			
Health and Welfare	637,323	378,317	259,006
Total Expenditures, Budgetary Basis	637,323	378,317	259,006
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	284,348	\$ 284,348
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		71,115	
Add: Current Year Outstanding Warrants		9,293	
Ending Cash Balance		\$ 364,756	

WOODWARD COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:						
Resale Property	\$ 215,762	\$ 58,191	\$ 2,500	\$ -	\$ 80,964	\$ 195,489
Treasurer Mortgage Tax Certification Fee	25,929	4,865	-	-	14,282	16,512
County Clerk Lien Fee	71,297	12,853	-	-	31,205	52,945
County Clerk Records Preservation Fee	38,926	29,860	-	-	15,043	53,743
County Assessor Visual Inspection	8,534	-	-	-	582	7,952
County Assessor Revolving	19,588	7,539	-	-	8,500	18,627
Sheriff Jail Commissary	55,352	59,040	-	-	56,724	57,668
Fort Supply Lake Patrol	7,573	9,959	-	-	7,578	9,954
Sheriff Prisoner Revolving	31,786	121,736	-	-	91,488	62,034
Sheriff Service Fee	123,021	125,169	-	-	73,996	174,194
Sheriff Special	1,772	1,000	-	-	973	1,799
Sheriff Training	39	-	-	-	-	39
Northwest Oklahoma Juvenile Detention Center	26,979	41	-	-	-	27,020
Northwest Oklahoma Cattle/Rural	1,020	-	-	-	-	1,020
UTPHONE E-911	44,385	265,359	-	-	272,976	36,768
Sara Title III	4,918	20	-	-	-	4,938
Wireless 911 Cell Phones	189,558	114,826	-	-	106,137	198,247
County Rewards Program	200	-	-	-	-	200
Emergency Shelter Grant	-	9,679	-	-	9,679	-
Quinlan Community Water Grant	-	250,950	-	-	240,950	10,000
Flood Plain Board	125	125	-	-	-	250
Combined Total - Remaining Aggregate Funds	\$ 866,764	\$ 1,071,212	\$ 2,500	\$ -	\$ 1,011,077	\$ 929,399

**WOODWARD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Budgetary Schedules

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.

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

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

Treasurer Mortgage Tax Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

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

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed in the County Clerk's office 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 and the disposition of same as 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 collection of forfeitures and disbursements are 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.

UTPHONE E-911 – accounts for five percent of a 911 fee received from Excel Phone Company. Funds are used to defray the cost of E-911 services.

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 a special search and recovery operation.

Wireless 911 Cell Phones – accounts for the revenue from fees charged on cell phones in order to fund the E-911 system. The funds are collected through OEDA and passed on to the County.

County Rewards Program – accounts for funds collected and disbursed for the purpose of trash patrol.

Emergency Shelter Grant – accounts for a federal grant received to provide emergency shelters within the County.

Quinlan Community Water Grant – accounts for a CDBG grant for the purpose of costs related to the maintenance and refurbishing of the Quinlan Community Rural Water District.

Flood Plain Board – accounts for the collection of fees for flood plain permits issued by the Woodward County Flood Plain Board.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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Independent Auditor's 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, in accordance with the 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, the combined total—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, 2013, which comprises Woodward County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 9, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2013, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Woodward County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Woodward County's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodward County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2013-1 and 2013-6.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodward County's financial statement is free from 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2013-6.

We noted certain matters regarding statutory compliance 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 Responses to Findings

Woodward County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Woodward County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable 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.



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

February 9, 2015

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-1 – Inadequate County-Wide Controls (Repeat Finding)

Condition: County-wide controls regarding Risk Management and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to address risks of the County.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds. These conditions could also result in the loss of data, the unreliability of data, and increase the risk that the County may not recover in an emergency situation and/or disaster.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Further, each office using an information system should prepare and frequently update a Disaster Recovery Plan in order to maintain operations in the event of an emergency situation and/or disaster. It is also recommended that the County-Wide Disaster Recovery Plan also include contacts such as officers, employees, software used, and software vendor information.

Management Response:

District 1 County Commissioner: We will design procedures to address risks and update a Disaster Recovery Plan.

District 3 County Commissioner: We will address updating Disaster Recovery Plan and discuss the risks of the County.

County Clerk: Quarterly meetings will be scheduled with County officers during a regularly scheduled meeting of the Board of County Commissioners to discuss any issues of general importance affecting the County.

Criteria: Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-6 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: We noted the following weakness regarding the disbursement process:

- The duties of processing disbursements are not adequately segregated. The County Clerk has one employee that encumbers funds, issues warrants, has physical custody to deliver warrants, signs the warrants, and performs monthly reconciliations.

The test of fifty-one purchase orders reflected the following areas of noncompliance with regard to state purchasing statutes:

- Purchases orders are signed certifying supporting documentation is attached to purchase orders for disbursements; however, in two instances adequate documentation was not provided to support all disbursements.

Office	Purchase Order Number	Warrant Number	Purpose	Document
Highway	5549	2142	District 2 – Lease Purchase Payment	Payment coupon was for \$4,093.57 but the amount paid was \$50,000.00.
Quinlan Community Water	3095	2	Underground Construction	No receiving report.

- There were three instances noted where the purchase orders were not properly encumbered.

Office	Purchase Order Number	Warrant Number	Purpose
Highway	4609	1759	District 1 – Oil
Quinlan Community Water	3095	2	Underground Construction
Quinlan Community Water	4565	3	Engineer Consulting

- There were twenty-four instances noted where purchase orders were not signed by the purchasing agent as reviewed and authorized.
- There was one instance noted in which a purchase order was not charged to the proper account.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Additionally, we noted the following weaknesses in the payroll process:

- The duties of processing payroll are not adequately segregated. The Payroll Clerk inputs new hires into the payroll software, makes payroll changes, maintains personnel files, prepares end of month payroll reports, and prints payroll warrants.

Cause of Condition: Policies and procedures have not been designed with regard to adequate segregation of duties and/or compensating controls of the purchasing and payroll processes. Procedures have not been implemented to ensure that encumbrances of funds are made prior to the obligation of such funds.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financials reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk 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 approve accounting functions.

OSAI recommends the following key accounting functions of the payroll process be adequately segregated:

- Posting new hires and/or making payroll changes to the payroll system,
- Maintaining personnel files,
- Printing payroll warrants, and
- Preparing end of month payroll reports.

OSAI recommends the following in accordance with 19 O.S. § 1505B § 1505C and § 1505E.

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of county funds should be supported with invoices and receiving reports.
- Disbursements of county funds should be signed by the purchasing agent, reviewed, authorized, and charged to the proper account.

Management Response:

County Clerk: The duties of processing disbursements will be segregated within the limits of our staff. Another deputy, other than the employee encumbering funds, will mail and deliver warrants. The monthly reconciliations are performed with the Treasurer's office.

More diligence will be made to assure that receiving reports are signed and dated when good are received, purchase orders are encumbered properly, and charged to the proper account.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

New hire information will be verified by a deputy that is not the Payroll Clerk. Payroll reports will be initialed and dated by the County Clerk.

District 1 County Commissioner: We will provide complete information on receiving reports including dates products were received on the blanket purchase order receiving reports. We will strive to properly encumber purchase orders and provide supporting documentation.

District 2 County Commissioner: Regarding purchase order #5549, this situation happened during the previous Commissioner's term. I discovered that was a lease payment to the Exchange Bank for three Peterbuilt trucks. Instead of the regular payment, the \$50,000.00 was applied to the lease from proceeds from selling some equipment. The coupon used with the payment was to document the proper lease number.

District 3 County Commissioner: We will follow proper purchasing procedures and encumber purchase orders and provide adequate documentation of disbursements. We will provide all information on the receiving reports, including the dates, and products received with regard to blanket purchase orders. We will review payroll procedures.

County Sheriff: Purchases will be encumbered prior to the ordering of goods and services.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorization, and distribution should be segregated.

Further, Title 19 O.S. § 1505.C2 requires that funds be encumbered prior to the ordering of goods or services.

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 2013-5 – Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventory (Repeat Finding)

Condition: Upon inquiry and observation of fixed assets, we noted the following:

Court Clerk, County Sheriff:

- An annual physical fixed asset inventory count is not being performed.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Sheriff:

- One of the five items selected was not properly marked with the County identification number.
- The receiving officer also has the ability to requisition equipment.

County Assessor, County Treasurer, District 2:

- The designated employee for inventory recordkeeping is also responsible for numbering the fixed assets and is a receiving officer for goods and services including fixed assets.

Upon inquiry and observation of consumable inventory items for District 1, 2 and 3, we noted the following:

District 1:

- The requisitioning agent orders and receives goods or services, completes the receiving reports, and then forwards the receiving reports to the receiving officer to sign.

District 2:

- Satellite fuel tanks are not locked; therefore, the fuel is not safeguarded
- Satellite fuel tanks do not have meters to determine the gallons of fuel withdrawn from the tanks.

District 3:

- The receiving officer orders and receives goods or services, completes the receiving reports, and completes and signs transfer tickets.
- Three of the five items selected had the incorrect quantity listed as compared to the physical count.
- Monthly inventory counts are not performed.

Cause of Condition: Policies and procedures have not been designed to ensure compliance with state statutes regarding maintaining and properly identifying fixed assets. Additionally, procedures have not been designed and implemented to provide for accurate inventory records and the safeguarding of consumable items.

Effect of Condition: These conditions resulted in inaccurate or incomplete records and noncompliance with state statutes. When fixed assets are not properly monitored, opportunities for misuse or loss of equipment can occur.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 178.1, 19 O.S. § 1502(A)(1), 19 O.S. § 1502(B)(1) by maintaining inventory records and marking assets with County identification numbers and “Property of.” OSAI recommends the performing and documenting a periodic inventory of fixed assets. Additionally, the key functions of receiving duties and inventory control duties should be performed by separate employees in order to effectively segregate those duties.

OSAI also recommends the performing and documenting of monthly consumable inventory verification. Documentation of the physical inventory verification should be initialed and dated by the employee

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

performing the physical count and retained to show the design and implementation of internal controls by the County Commissioners. Additionally, the key functions of receiving duties and consumable inventory control duties should be performed by separate employees in order to effectively segregate those duties.

Management Response:

District 1 County Commissioner: We have promoted an employee to the position of Foreman. He is in the process of learning the job responsibilities. I am involved in the accounting process and will oversee the distribution of duties among myself and the Foreman. The Foreman will be enrolled in a purchasing class also.

District 2 County Commissioner: We now have matching locks and plan to give all employees keys for access. Satellite fuel tanks do have gauges, but do not have gallon meters. We do take weekly inventory of the satellite tanks and keep records. We feel that we monitor it closely.

District 3 County Commissioner: We will attempt to use the receiving officer to make sure of receiving the correct goods, and to provide more current inventory of equipment. We will ask the employee performing the inventory count to sign and date the document.

Court Clerk: It was brought to my attention that as purchasing officer in the Court Clerk's office, I cannot also receive purchased items. We now have two people assigned to receive any purchases. This change is working very well. It was also brought to my attention by the auditors, that inventory needed to be checked every year. I concur with the finding, and am now working on the inventory to correct the situation. I am also updating my inventory records to be in compliance with the law regarding equipment costing \$500 or more.

County Assessor: The inventory duties will be segregated as much as possible.

County Sheriff: A receiving officer will no longer requisition equipment and then sign the receiving report. An annual fixed assets inventory count will be performed. All items will have an inventory label with the assigned number from the inventory log affixed to the equipment.

County Treasurer: One designated receiving officer will perform receiving duties while a second employee will maintain inventory control records. The employee who receives fixed assets will not be the one who assigns an inventory control number. A yearly inventory of fixed assets will be performed and documented by two employees.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls constitute a process affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of consumable inventory.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-7 – Inadequate Internal Controls and Noncompliance Over Commissary Fund Reporting (Repeat Finding)

Condition: The County Sheriff has filed an annual report of the Commissary fund with the Board of County Commissioners. However, the report did not include the revenue and related expenditures of for phone cards. This activity was not included in the software used for the Inmate Trust Account expenses and related income generated from the sale of phone cards.

Cause of Condition: Procedures have not been designed to present all of the activities of the Commissary Fund to the Board of County Commissioners.

Effect of Condition: This condition could result in unrecorded transactions, incomplete records, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends a complete annual report of commissary operations be submitted to the Board of County Commissioners no later than January 15 of each year.

Management Response:

County Sheriff: The Sheriff's department will include an annual reconciliation of all funds received related to the revenue and purchases of calling cards. This information will be included in the annual Commissary Report.

Criteria: Title 19 O.S. § 180.43.D provides guidance with regard to the operation of the Sheriff's Commissary Fund, including filing an annual report by January 15, of each year.



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