

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

May 18, 2004

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward County, Oklahoma, for the fiscal year ended June 30, 2003. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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

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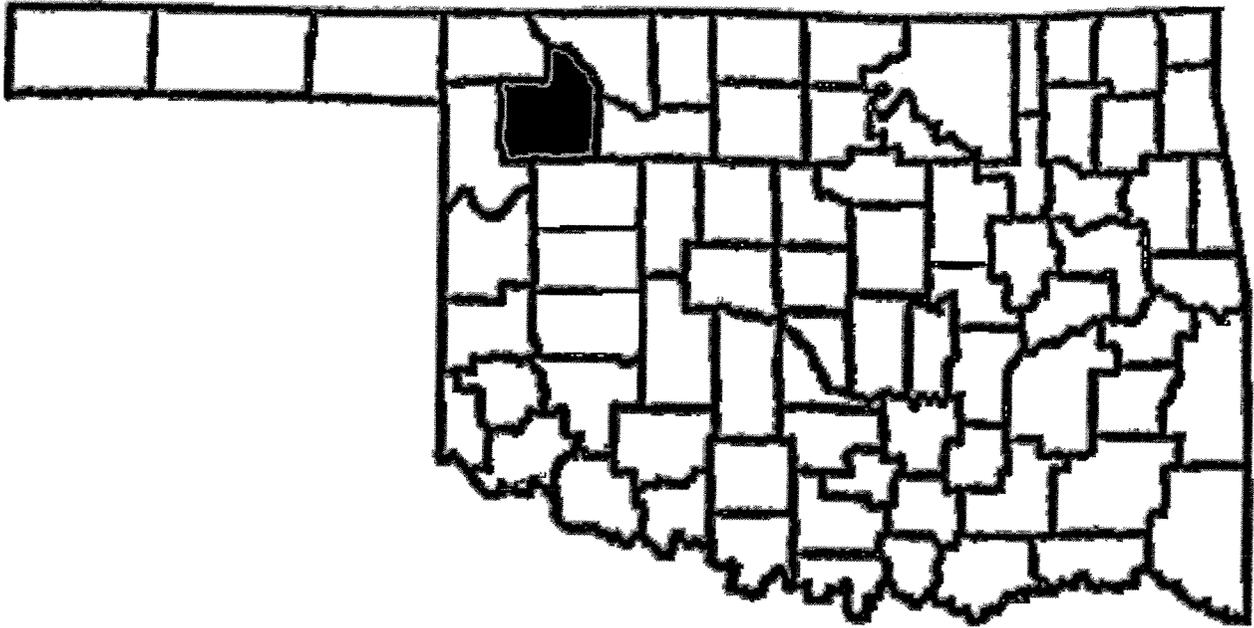
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**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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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. Ft. Supply Reservoir provides hunting, fishing, camping, and swimming activities.

County Seat - Woodward

Area – 1242.4 Square Miles

County Population - 18,486
(2000 est.)

Farms – 800

Land in Farms – 721,978 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor’s report.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Debbie Gentry
(D) Woodward

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
(R) Woodward

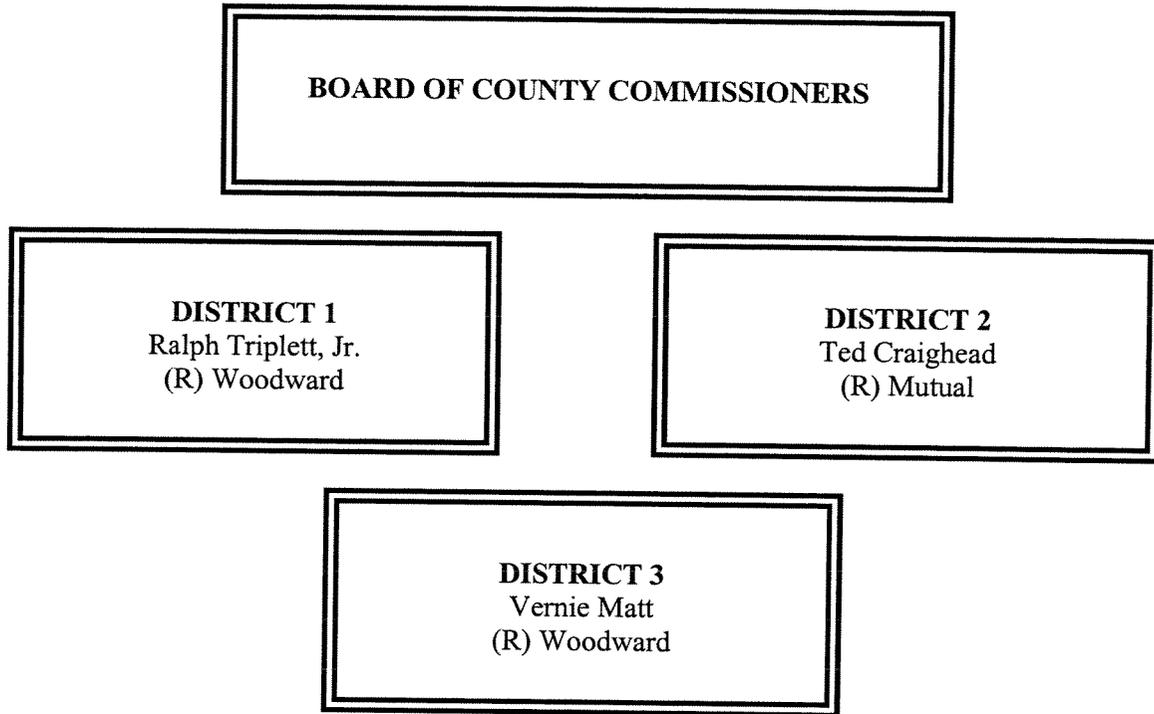
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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**



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**

COUNTY SHERIFF
Leslie Morton
(D) Woodward

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
Dixie Robinson
(D) Woodward

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**WOODWARD COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Jenny Hopkins
(D) Woodward

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY
Ray Don Jackson
(D) Woodward

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**

ELECTION BOARD SECRETARY

Carolyn Reed
(D) Woodward

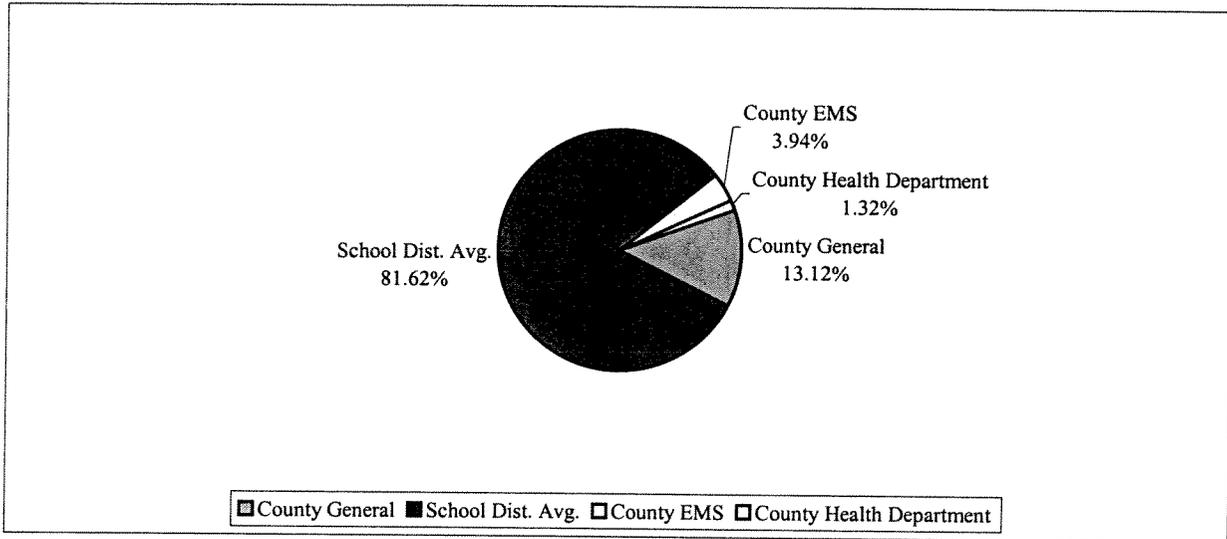
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Tech Center	Common	Total
Co. General	10.46	Woodward	I-1	36.20	5.17	13.40	12.54	4.18	71.49
County Health	1.05	Mooreland	I-2	37.25	5.32	8.75	12.54	4.18	68.04
County EMS	3.14	Sharon-Mutual	I-3	37.50	5.36	7.42	12.54	4.18	67.00
		Fort Supply	I-5	37.24	5.32	10.04	12.54	4.18	69.32
		Ellis	Jt I-26	37.31	5.33	5.05	12.54	4.18	64.41
		Ellis	Jt I-3	39.60	5.58	6.85		4.18	56.21
		Dewey	Jt I-5	38.11	5.44	10.98		4.18	58.71
		Dewey	Jt I-8	35.72	5.10	3.55		4.18	48.55
		Woods	Jt I-3	36.56	5.22	12.72	13.83	4.18	72.51
		Woods	Jt I-6	37.37	5.34	13.69	13.83	4.18	74.41

See independent auditor's report.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
WOODWARD COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Woodward County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Woodward County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Woodward County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

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

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahhan". The signature is written in a cursive style with a large initial "J" and a long horizontal flourish at the end.

JEFF A. McMAHAN
State Auditor and Inspector

May 10, 2004

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General Fund	\$ 1,157,881	\$ 1,768,454	\$ 1,790,125		\$ 1,136,210
County Highway Cash	1,182,511	2,903,237	2,679,755		1,405,993
County Health Department	134,418	120,025	169,887		84,556
Resale Property	44,614	37,636	34,036		48,214
Treasurer Mortgage Tax Certification Fee	21,560	6,545	3,116		24,989
County Clerk Lien Fee	28,232	14,119	30,381		11,970
County Clerk Record Preservation Fee	19,905	51,650	57,800		13,755
County Assessor Visual Inspection	17,467		1,768		15,699
County Assessor Revolving	4,310	6,895	5,171		6,034
Sheriff Jail Commissary	246	8,017	3,263		5,000
Fort Supply Lake Patrol	7,393	6,067			13,460
Sheriff Prisoner Revolving	43,187	113,226	119,873		36,540
Sheriff Service Fee	48,957	68,273	57,455		59,775
Sheriff Special	2,119	25	897		1,247
Sheriff Training	110				110
Community Service Sentencing Program	3,245	10,645	12,929		961
NW Oklahoma Juvenile Detention Center		22,524			22,524
County Sales Tax	458,901	448,410	493,743		413,568
Free Fair	14,129	16,918	18,513		12,534
Emergency Shelter		70,625	70,625		
NW Oklahoma Cattle/Rural		1,020			1,020
Cities and Towns	13,750	188,969	189,520		13,199
Schools	31,217	6,195,428	6,197,841		28,804
Vo-Tech	5,442	1,268,713	1,270,639		3,516
District Attorney Bogus Check	202,458	480,046	502,421		180,083
District Attorney Property Forfeiture	51,236	83,956	71,792		63,400
Hawk Multi-Disciplinary	17,845	20,006	24,031		13,820
Sanitary Landfill	617,287	545,070	600,248		562,109
Emergency Medical Service	580,551	701,188	519,307		762,432
Individual Redemption	116	7,522	7,522		116
Law Library	3,840	23,563	23,128		4,275
Probate Court Case	31,992	1,234			33,226
Public Assistance Fraud	250				250
Restitution and Diversion	5,154	13,237	5,852		12,539
STOP-V-01-31	7,874	18,833	26,677		30
STOP 2001 #V-00-26	23		23		
District Attorney #11 D-01-1061	21,752	434	20,670		1,516
District Attorney #12 D-02-1120		222,269	209,899		12,370
District Attorney Incarceration Cost	872	1,181	936		1,117
Quinlan Cemetery	10,000	380	380		10,000
Unapportioned Tax	2,500				2,500
Taxes Held for Refund	681	1,096	1,645		132
EFTPS	42,893	1,164,439	1,171,431		35,901
Mortgage Tax Held for Refund		19	19		
Sara Title III	10,141	15,852	6,912		19,081
Cash on Hand	100				100
Official Depository	520,371	6,317,848	6,257,962	11,885	592,142
Protest Tax	116,334	131,402	624		247,112
Cash in Office	235				235
Total County Funds	\$ 5,484,099	\$ 23,076,996	\$ 22,658,816	\$ 11,885	\$ 5,914,164

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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,157,881	\$ 1,157,881	\$ 1,157,881	\$ -
Less: Prior Year Outstanding Warrants	(106,853)	(106,853)	(106,853)	
Less: Prior Year Encumbrances	(22,482)	(22,482)	(20,494)	1,988
Beginning Cash Balances, Budgetary Basis	<u>1,028,546</u>	<u>1,028,546</u>	<u>1,030,534</u>	<u>1,988</u>
Receipts:				
Ad Valorem Taxes	976,413	976,413	1,099,883	123,470
Charges for Services	78,649	79,782	111,891	32,109
Intergovernmental Revenues	123,805	123,805	275,280	151,475
Miscellaneous Revenues	6,272	6,272	281,400	275,128
Total Receipts, Budgetary Basis	<u>1,185,139</u>	<u>1,186,272</u>	<u>1,768,454</u>	<u>582,182</u>
Expenditures:				
District Attorney	25,000	25,000	19,363	5,637
Capital Outlay				
Total District Attorney	<u>25,000</u>	<u>25,000</u>	<u>19,363</u>	<u>5,637</u>
County Sheriff	490,935	555,934	553,314	2,620
Capital Outlay	1	1		1
Total County Sheriff	<u>490,936</u>	<u>555,935</u>	<u>553,314</u>	<u>2,621</u>
County Treasurer	160,334	160,334	158,157	2,177
Capital Outlay	1	1		1
Total County Treasurer	<u>160,335</u>	<u>160,335</u>	<u>158,157</u>	<u>2,178</u>
County Commissioners	192,386	128,386	16,239	112,147
Capital Outlay	51,000	51,000		51,000
Total County Commissioners	<u>243,386</u>	<u>179,386</u>	<u>16,239</u>	<u>163,147</u>
County Clerk	236,783	236,783	221,358	15,425
Capital Outlay	1	1		1
Total County Clerk	<u>236,784</u>	<u>236,784</u>	<u>221,358</u>	<u>15,426</u>
Court Clerk	186,210	187,380	187,369	11
Capital Outlay	1	1		1
Total Court Clerk	<u>186,211</u>	<u>187,381</u>	<u>187,369</u>	<u>12</u>
County Assessor	137,060	135,911	135,075	836
Capital Outlay	1	9,916	9,915	1
Total County Assessor	<u>137,061</u>	<u>145,827</u>	<u>144,990</u>	<u>837</u>
Revaluation of Real Property	147,223	140,507	130,680	9,827
Capital Outlay	1	1		1
Total Revaluation of Real Property	<u>147,224</u>	<u>140,508</u>	<u>130,680</u>	<u>9,828</u>
Juvenile	21,000	21,000	13,027	7,973
Capital Outlay				
Total Juvenile	<u>21,000</u>	<u>21,000</u>	<u>13,027</u>	<u>7,973</u>

continued on next page

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

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

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
General Government	353,898	353,897	224,189	129,708
Capital Outlay	91,000	86,000		86,000
Total General Government	444,898	439,897	224,189	215,708
Excise-Equalization Board	3,500	3,500	2,463	1,037
Capital Outlay	1	1		1
Total Excise-Equalization Board	3,501	3,501	2,463	1,038
County Election Board	59,598	61,152	60,084	1,068
Capital Outlay	1	1		1
Total County Election Board	59,599	61,153	60,084	1,069
Charity	2,000	2,000	560	1,440
Capital Outlay				
Total Charity	2,000	2,000	560	1,440
Recording Account	11,000	11,000	10,996	4
Capital Outlay				
Total Recording Account	11,000	11,000	10,996	4
Civil Defense	33,514	33,875	33,799	76
Capital Outlay	1	1		1
Total Civil Defense	33,515	33,876	33,799	77
County Audit Budget	10,735	10,735	10,735	
Capital Outlay				
Total County Audit Budget	10,735	10,735	10,735	-
Provision for Interest on Warrants	500	500		500
 Total Expenditures, Budgetary Basis	 <u>2,213,685</u>	 <u>2,214,818</u>	 <u>1,787,323</u>	 <u>427,495</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 <u>\$ -</u>	 1,011,665	 <u>\$ 1,011,665</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			19,790	
Add: Current Year Outstanding Warrants			104,755	
Ending Cash Balance			<u>\$ 1,136,210</u>	

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

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

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 134,418	\$ 134,418	\$ 134,418	\$ -
Less: Prior Year Outstanding Warrants	(7,362)	(7,362)	(7,362)	
Less: Prior Year Encumbrances	(11,721)	(11,721)	(7,592)	4,129
Beginning Cash Balances, Budgetary Basis	<u>115,335</u>	<u>115,335</u>	<u>119,464</u>	<u>4,129</u>
Receipts:				
Ad Valorem Taxes	102,470	102,470	110,407	7,937
Miscellaneous Revenues		9,546	9,618	72
Total Receipts, Budgetary Basis	<u>102,470</u>	<u>112,016</u>	<u>120,025</u>	<u>8,009</u>
Expenditures:				
Health and Welfare	160,000	189,546	166,574	22,972
Capital Outlay	57,805	37,805	13,240	24,565
Total Expenditures, Budgetary Basis	<u>217,805</u>	<u>227,351</u>	<u>179,814</u>	<u>47,537</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	59,675	<u>\$ 59,675</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			3,405	
Add: Current Year Outstanding Warrants			<u>21,476</u>	
Ending Cash Balance			<u>\$ 84,556</u>	

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County Clerk Revolving	\$ 22,023	\$ 17,124	\$ 3,852	\$	\$ 35,295
Merchant Restitution Account	62,519	851,482	873,794	608	40,815
Victim Restitution Account	9,154		9,157	3	
District Attorney Witness Fee	373	2,550	2,445	21	499
County Sheriff	2,947	1,058,373	1,060,632		688
County Sheriff State Tax	51				51
County Treasurer	20,945	552,819	561,455	1,800	14,109
County Treasurer Vehicle		7,469	7,469		
County Clerk	14,223	185,456	183,528		16,151
District Court Clerk	273,685	2,468,894	2,458,005	1,245	285,819
District Court Fund	108,963	574,503	547,346	5,627	141,747
Emergency Medical Service		423,568	379,515	82	44,135
County Election Board		27,084	27,631	547	
County Health Department	1,030	15,315	16,897	552	
County Assessor Fee	390	11,650	6,895		5,145
Restitution and Diversion	422	43,485	42,349	400	1,958
Criminal Restitution	3,646	74,671	76,849	1,000	2,468
Woodward/Dewey Self Pay		3,405	143		3,262
Total Official Depository Accounts	<u>\$ 520,371</u>	<u>\$ 6,317,848</u>	<u>\$ 6,257,962</u>	<u>\$ 11,885</u>	<u>\$ 592,142</u>

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Woodward County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

The financial statements are prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgetary Policies

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund and county health department fund.

Summary of Significant Accounting Policies (continued)

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

The Statement of Receipts, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Fund Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

E. Cash and Investments

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

F. Risk Management

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

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability - 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 authorized deductibles, the County would have to pay its share of the pool deficit.
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Health and Life	The County carries	None
- Medical	commercial insurance	
- Disability	for these types of risk.	
- Dental		
- Life		

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$10,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

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

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

G. Compensated Absences

The County's employee personnel policy handbook (2001) sets forth the following for annual leave benefits:

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

Summary of Significant Accounting Policies (continued)

For less than 10 years of service, employees receive ½ day for every month worked for sick leave benefits. For over 10 years service, employees receive 1 day for every month worked for sick leave benefits. An employee cannot accrue more than 30 days of sick leave.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$5,914,164 and the bank balance was \$5,983,759. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 authorizes the County Treasurer to invest in:

- U. S. Government obligations
- Certificates of deposit
- Saving 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

B. Description of Funds

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

County Highway Cash - accounts for state, local and miscellaneous receipts and disbursements 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.

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

Detailed Notes on Funds and Account Balances (continued)

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 disbursements of the funds as restricted by statute.

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

County Clerk Record Preservation Fee - accounts for fees collected for instruments filed with 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 disbursements 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 personnel property. The statutes allows for the purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

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

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

Detailed Notes on Funds and Account Balances (continued)

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%).

Free Fair – accounts for the fees collected and used by the free fair.

Emergency Shelter – accounts for the federal grant that passes through the County to the North West Domestic Crisis Service.

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

Cities and Towns – accounts for Oklahoma Tax Commission collections distributed to the cities of the County.

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

Vo-Tech – accounts for monies collected on behalf of the Vo-tech within the County from ad valorem taxes, state and local revenues, and remitted to them monthly.

District Attorney Bogus Check – accounts for the fees collected for bogus checks written and used to defray cost incurred in the District Attorney's office.

District Attorney Property Forfeiture – accounts for collections of drug forfeitures, which are used for matching funds for the Task Force Grant.

Hawk-Multi Disciplinary – accounts for the fees received from civil cases and is used for the investigation of child abuse.

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

Emergency Medical Service – accounts for charges for services, ad valorem monies and miscellaneous collections apportioned and amounts disbursed for the expenses of the Woodward County Emergency Medical Service.

Individual Redemption – accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

Law Library - accounts for monies received for disbursement from the state for the law library board.

Detailed Notes on Funds and Account Balances (continued)

Probate Court Case – accounts for the deposits into the probate cases and the interest that is earned.

Public Assistance Fraud – accounts for fees received for filing cases involving food stamp fraud.

Restitution and Diversion – accounts for the \$25 fee collected from criminal cases referred to the Restitution and Diversion Program. Cases are limited to those that involve economic loss, but do not result in physical injury to another human being. Collections are to be used to make lawful expenditures associated with the District Attorney's office.

STOP-V-01-31 – accounts for the federal grant funds that are used in the Stop Violence Against Women Block Grant Program.

STOP 2001 # V-00-26 – accounts for the federal grant funds that are used in the Stop Violence Against Women Block Grant Program.

District Attorney # 11 D-01-1061 – accounts for the federal grant funds that are used in the Multi-jurisdictional Task Force Grant.

District Attorney # 12 D-02-1120 – accounts for the federal grant funds that are used in the Multi-jurisdictional Task Force Grant.

District Attorney Incarceration Cost – The District Attorney's office receives 5% of any amount collected for incarceration cost and is to be used to fund personnel to process victim compensation claims.

Quinlan Cemetery – This is an investment made by the County on behalf of families that donate funds to maintain the Quinlan Cemetery.

Unapportioned Tax - accounts for taxes collected and being held for apportionment to various government entities.

Taxes Held for Refund – accounts for ad valorem collected in error; therefore, unapportioned and held until refunded.

EFTPS – This is a temporary account in which federal withholdings are maintained until the IRS electronically transfers the funds.

Mortgage Tax Held for Refund – accounts for mortgage tax collected in error; therefore, unapportioned and held until refunded.

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

Detailed Notes on Funds and Account Balances (continued)

Sara Title III – accounts for the \$20 fee for the Local Emergency Planning Committee for filing hazard material reports.

Cash on Hand – Cash used to make change for citizens making transactions in cash.

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

Protest Tax – accounts for ad valorem collected under protest and held until issue is resolved and then apportioned or refunded as decided.

Cash in Office – Cash used to make change for citizens making transactions in cash.

Additionally, the following official depository accounts are described as follows:

Court Clerk Revolving – This account was established July 1, 1991, by 19 O.S. § 220 for the collection of administrative fees collected by the Court Clerk to be used to defray costs incurred for the operation of the Court Clerk's office.

Merchant Restitution Account – accounts for the collections of bogus checks to be disbursed to the merchant to whom the bogus check was written.

Victim Restitution Account – accounts for the remaining balance that belongs to victims that cannot be located.

District Attorney Witness Fee – accounts for the appropriated money from the District Attorneys Council for witness fees.

County Sheriff – accounts for the collection of foreign service fees and bonds. Funds are disbursed at the end of the month to the Sheriff Service Fee Fund and District Court Clerk Account.

County Sheriff State Tax – accounts for the funds that were collected for the state for taxes due. This account is no longer active, but the County is unable to determine to whom the funds belong.

County Treasurer – accounts for the collection of taxes paid in advance and held in trust until distribution can be made.

County Treasurer Vehicle – accounts for the fees collected from automobile dealerships for tagging of vehicles.

Detailed Notes on Funds and Account Balances (continued)

County Clerk – accounts for the collection for filing fees and disbursed to the Oklahoma Tax Commission and general fund.

District Court Clerk – accounts for the collection of bond money, court fines, and fees. Money is disbursed for overpayment of fees and restitution with a portion transferred to the District Court Fund.

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

Emergency Medical Service – accounts for the payments received for ambulance service provided for individuals.

County Election Board – accounts for reimbursement of election cost by entities within the County and is disbursed for refund of election fees and the cost of election.

County Health Department – accounts for the fees collected for services provided to the people of the County.

County Assessor Fee – accounts for the collection of copies and proceeds from sale of ownership books to be disbursed at the end of the month and deposited in the Assessor Revolving Fund.

Restitution and Diversion – accounts for monies on deposit by defendants to be remitted to the plaintiff or victim.

Criminal Restitution – accounts for monies collected to compensate for the action of criminals.

Woodward/Dewey Self Pay – accounts for funds used to monitor, rehabilitate and educate potential repeat offenders in lieu of incarceration.

C. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

Detailed Notes on Funds and Account Balances (continued)

The assessed property value as of January 1, 2002, was approximately \$107,349,434.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.46 mills for the general fund, 1.05 mills for the county health department, and 3.14 mills for the county-wide EMS. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2003, were approximately 97.6 percent of the tax levy.

D. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

E. Capital Leases

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

Detailed Notes on Funds and Account Balances (continued)

F. Fuel Tax

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

4. Contingent Liabilities

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

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

5. Sales Tax

An unlimited one-fifth percent sales tax became effective June 1, 1994. The sales tax is distributed among 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%). During fiscal year 2003, the County received and apportioned \$443,380 in sales tax, \$2,918 in interest, and \$2,112 in miscellaneous revenues, for a total of \$448,410.

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
WOODWARD COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Woodward County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated May 10, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Woodward County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management and are included in Section 2 of the schedule of findings, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodward County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 1996-1, 2001-1, 2003-4, and 2003-5.

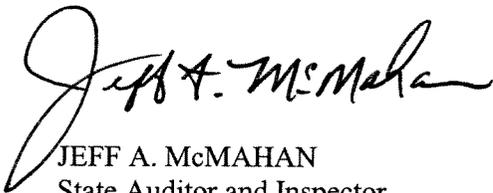
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-1 to be a material weakness.

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

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

May 10, 2004

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

Finding 1996-1 - Fixed Assets Inventory

Criteria: An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by 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 the entity's assets and safeguard assets from loss, damage, or misappropriation. Further, Title 19 O.S. 2001, § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than two hundred fifty dollars (\$250), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter..."

Condition: The County did not maintain an inventory of firefighting equipment.

Recommendation: We recommend all county officers cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County, in accordance with Title 19 O.S. 2001, § 178.1 and Title 19 O.S. 2001, § 178.3. These inventories should be documented on Form #3512. In addition, we recommend that the County Clerk maintain a copy of all inventory records of all county offices.

Management Response: We will make every effort to comply with Oklahoma Statutes.

Finding 2001-1 – Segregation of Duties

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

Condition: The limited number of office personnel within several county offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

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

Management Response: The County is aware of this condition and will make every effort to ensure the segregation of duties in these offices.

Finding 2003-4 – County Treasurer Disaster Recovery Plan

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT) Delivery and Support Control Objectives (DS4), management should have procedures in place to ensure continuous computer services. Plans should be developed and tested to minimize business disruption during times of disaster or hardware failure. The Disaster Recovery Plan should include all of the following:

- Guidelines on how to use the recovery plan
- Emergency procedures to ensure the safety of all affected staff members
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel
- Listing of systems requiring alternatives (hardware, peripherals, software)
- Listing of highest to lowest priority applications, required recovery times and expected performance norms
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc. and a source and alternative source defined
- Training and/or awareness of individual and group roles in continuity plan;
- Listing of contracted service providers
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation
- Current names, addresses, telephone/pager numbers of key personnel
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available

Condition: Our review of the Treasurer's system backups and plans for ensuring continuous computer service found that the written plan did not adequately cover the needed items for recovery.

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

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

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

Management Response: The County Treasurer intends to have a completed plan in effect for the next fiscal year.

Finding 2003-5 – Timesheet Preparation

Criteria: Effective internal controls include that a signed, standardized and approved timesheet be signed and submitted by each employee to the appropriate officer in order to substantiate payroll claims.

Condition: Some of the County officials did not require timesheets or the timesheets were not prepared by the employee to substantiate payroll claims.

Recommendation: We recommend the County adopt standardized forms to be used for each employee to track hours worked and the use of leave balances on a monthly basis. Timesheets should be prepared by the employee and signed by the official.

Management Response: The County Assessor will implement standardized forms for future use, and the County Commissioners will have employees sign timesheets and they will approve them.

SECTION 2 – Other Audit Findings – This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2003-1 – Ordering Goods Before Encumbering Funds

Criteria: Title 19 O.S. 2001, § 1505 D.4, requires that encumbrances be made prior to ordering or receiving the goods.

Condition: Of the 69 purchase orders tested, nine purchases were noted (13%) where goods were ordered before purchase orders were requested for encumbering funds.

Recommendation: We recommend that encumbrances be made prior to ordering or receiving of the goods in accordance with Title 19 O.S. 2001, § 1505 D.4.

Management Response: The County will make an effort to comply with Title 19 O.S. 2001, § 1505 D.4.

Finding 2003-2 – Consumable Inventory

Criteria: According to Title 19 O.S. 2001, § 1505(G)(2), "...a monthly report of the road and bridge projects completed during said period shall be prepared by the consuming department and filed with the county clerk. The report shall contain a record of the date, place and the purpose for the use of the road or bridge items or materials."

Condition: District 2 and District 3 County Commissioners did not file a monthly "Summary Report of Consumable Items" with the County Clerk during the fiscal year 2003. Additionally, these reports should be approved by the Board in the monthly meeting.

Recommendation: We recommend the monthly report be filed with the County Clerk in accordance with Title 19 O.S. 2001, § 1505.

Management Response: The County Commissioners will file a monthly report with the County Clerk in accordance with Title 19 O.S. 2001, § 1505(G)(2) (G)(2).

Finding 2003-3 – Commissary Account – Annual Report

Criteria: Title 19 O.S. 2001, § 180.43.E. requires the County Sheriff to file an annual report on his Commissary Account with the Board of County Commissioners no later than January 15 of each year.

Condition: The Sheriff did not file an annual report pertaining to his Commissary Account activity for the fiscal year 2003.

Recommendation: We recommend the County Sheriff adhere to Title 19 O.S. 2001, § 180.43 and file an annual report pertaining to his Commissary Account with the Board of County Commissioners.

Management Response: Our office was unaware of this statute and will comply in the future.

**Statistical Data
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>JANUARY 1, 2002 NET ASSESSED</u>	<u>% OF TOTAL NET VALUATION</u>
Terra International Inc.	\$ 6,205,583	5.78%
Kronseder Farms Inc.	6,070,629	5.66%
Duke Energy Field Services Inc.	4,058,980	3.78%
Southwestern Bell	3,582,775	3.34%
Burlington Northern & Santa Fe Railroad OG&E	2,572,421	2.40%
ANR Pipeline Co.	2,294,724	2.14%
Pioneer Telephone Co-Op Inc.	1,604,021	1.49%
Wal-Mart Stores	1,499,343	1.40%
Hanor Company Inc.	1,394,979	1.30%
Total	<u>\$ 1,327,403</u>	<u>1.23%</u>
	<u>\$ 30,610,858</u>	<u>28.52%</u>

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

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

Total net assessed value as of January 1, 2002		<u>\$ 107,349,434</u>
Debt limit - 5% of total assessed value		\$ 5,367,472
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	-
Legal debt margin		<u>\$ 5,367,472</u>

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

	2003
Estimated population	18,486
Net assessed value	\$ 107,349,434
Net bonded debt	-
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

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

<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2002	\$27,940,085	\$18,064,840	\$65,905,688	\$4,561,179	\$107,349,434	\$890,736,508