

**WOODWARD COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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August 8, 2005

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward County, Oklahoma, for the fiscal year ended June 30, 2004. 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, appearing to read "Jeff A. McMAHAN". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

STATISTICAL SECTION (Unaudited)

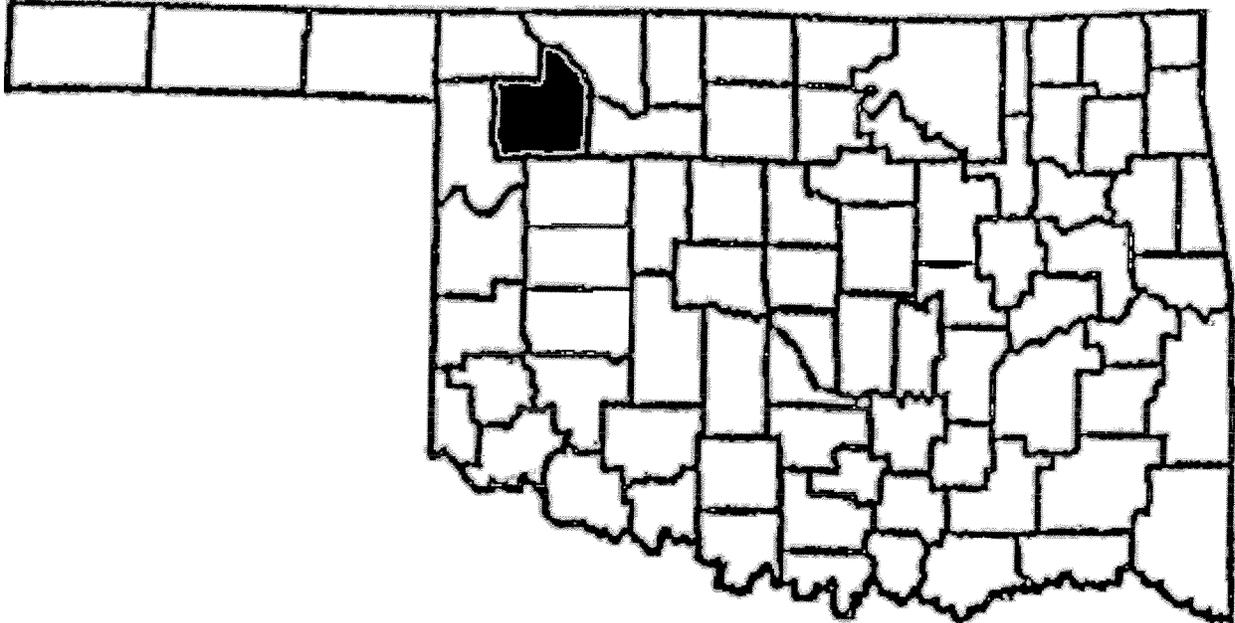
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REPORT TO THE CITIZENS
OF
WOODWARD COUNTY, OKLAHOMA



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

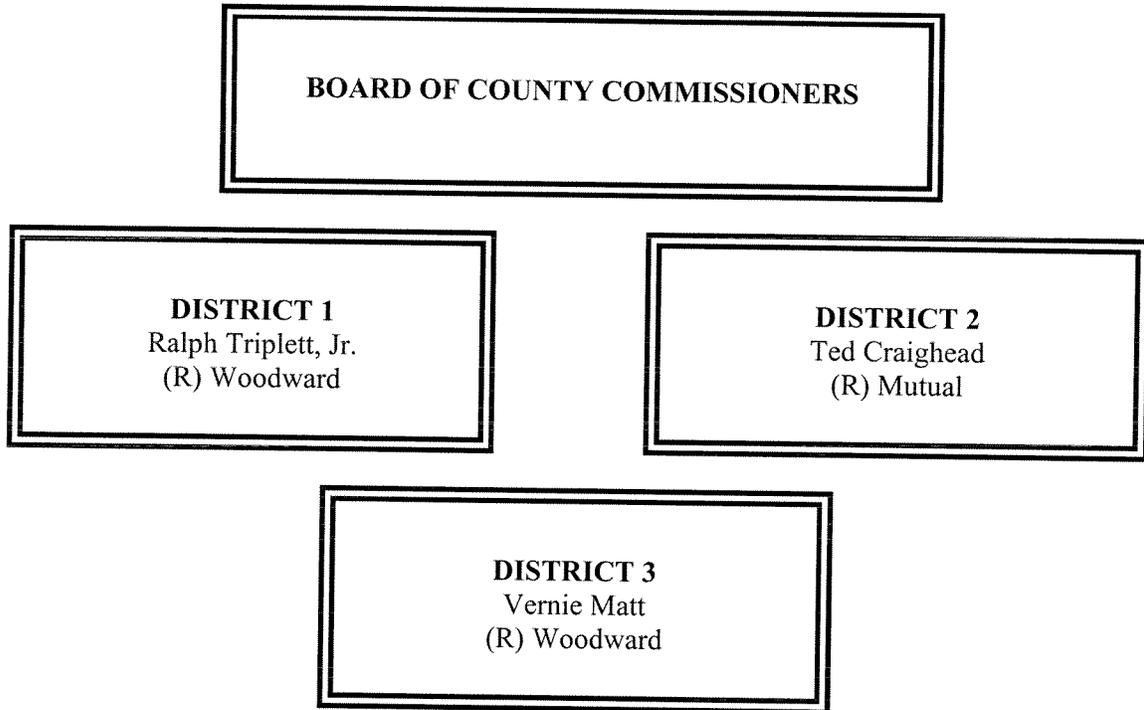
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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

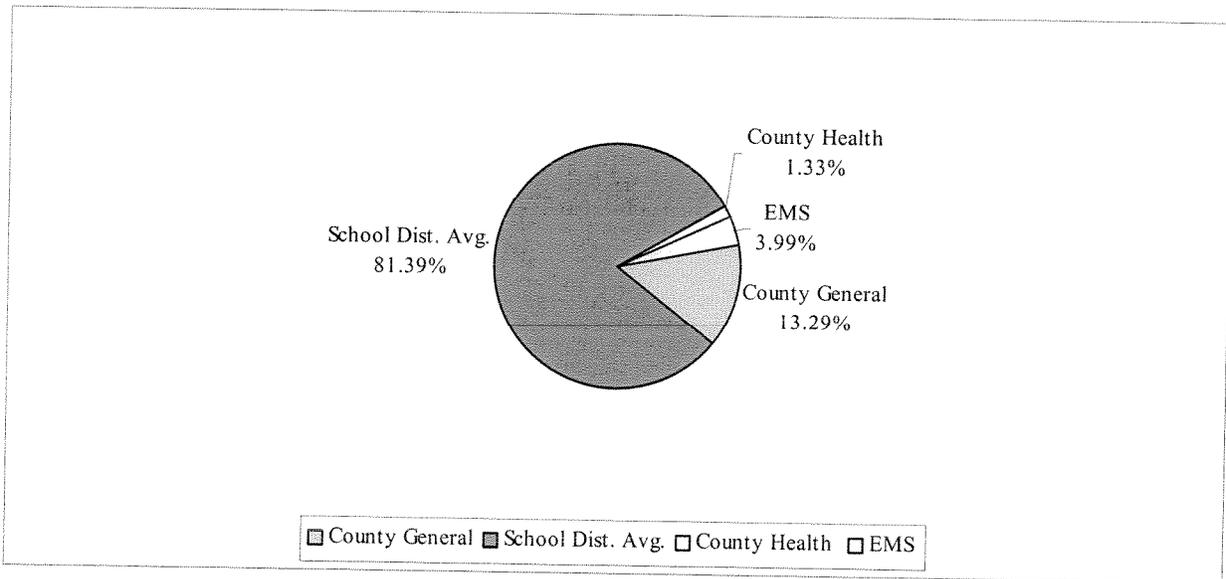
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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 TAX 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								
County Health	1.05	Woodward	I-1	36.20	5.17	12.67	12.54	4.18	70.76
EMS	3.14	Mooreland	I-2	37.25	5.32	8.21	12.54	4.18	67.50
		Sharon/Mutual	I-3	37.50	5.36	7.32	12.54	4.18	66.90
		Fort Supply	I-5	37.24	5.32	8.89	12.54	4.18	68.17
		Ellis	Jt I-26	37.31	5.33	4.92	12.54	4.18	64.28
		Ellis	Jt I-3	39.60	5.58			4.18	49.36
		Dewey	Jt I-5	38.11	5.44	13.89		4.18	61.62
		Dewey	Jt I-8	35.72	5.10	4.09		4.18	49.09
		Woods	Jt I-3	36.56	5.22	10.78	13.83	4.18	70.57
		Woods	Jt I-6	37.37	5.34	11.31	13.83	4.18	72.03

See independent auditor's report.

FINANCIAL SECTION

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, 2004, 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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 and county health department funds 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, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2005, on our consideration of Woodward County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Woodward County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we express no opinion on such them.

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

July 11, 2005

Special-Purpose Financial Statements

**WOODWARD COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
County General Fund	\$ 1,136,210	\$ 1,692,203	\$ 1,768,435	\$	\$ 1,059,978
County Highway Cash	1,405,993	3,157,646	3,101,371		1,462,268
County Health Department	84,556	129,820	128,878		85,498
Resale Property	48,214	41,410	39,230		50,394
Treasurer Mortgage Tax Certification Fee	24,989	6,600	755		30,834
County Clerk Lien Fee	11,970	18,024	6,514		23,480
County Clerk Records Preservation Fee	13,755	37,780	26,199		25,336
County Assessor Visual Inspection	15,699				15,699
County Assessor Revolving	6,033	11,066	5,020		12,079
Sheriff Jail Commissary	5,001	10,886	12,154		3,733
Fort Supply Lake Patrol	13,460	8,997	10,755		11,702
Sheriff Prisoner Revolving	36,540	150,567	140,951		46,156
Sheriff Service Fee	59,776	70,423	57,906		72,293
Sheriff Special	1,246				1,246
Sheriff Training	110				110
Community Service Sentencing Program	961	440	1,401		
Sheriff Grant B-11		14,646	14,646		
NW Oklahoma Juvenile Detention Center	22,524	87			22,611
County Sales Tax	413,569	550,031	453,176		510,424
Free Fair	12,534	21,998	22,964		11,568
Emergency Shelter		56,790	56,790		
NW Oklahoma Cattle/Rural	1,020				1,020
Cities and Towns	13,199	191,875	189,452		15,622
Schools	28,804	6,496,085	6,499,695		25,194
Vo-Tech	3,516	1,332,566	1,333,088		2,994
District Attorney Bogus Check	180,083	488,008	545,955		122,136
District Attorney Property Forfeiture	63,400	159,416	218,908		3,908
Hawk Multi-Disciplinary	13,820		13,820		
Sanitary Landfill	562,110	596,345	579,024		579,431
Emergency Medical Service	762,431	735,683	666,699		831,415
Individual Redemption	116	13,186	13,186		116
Law Library	4,275	23,287	23,575		3,987
Probate Court Case	33,226	5,891			39,117
Public Assistance Fraud	250		250		
Restitution and Diversion	12,540	25,349	26,374		11,515
STOP V-01-31	30		30		
District Attorney #11 D-01-1061	1,516		1,516		
District Attorney #12 D-02-1120	12,370		12,370		
District Attorney Incarceration Cost	1,117	1,664	1,150		1,631
Quinlan Cemetery	10,000	233	233		10,000
Unapportioned Tax	2,500				2,500
Taxes Held for Refund	132	1,478	1,610		
EFTPS	35,901	560,672	555,363		41,210
Mortgage Tax Held for Refund					
Sara Title III	19,081	15,974	15,518		19,537
Cash on Hand	100				100
Official Depository	592,141	6,599,665	6,589,495	59,787	662,098
Protest Tax	247,112	377	247,489		
Cash in Office	335				335
Total County Funds	<u>\$ 5,914,265</u>	<u>\$ 23,227,168</u>	<u>\$ 23,381,945</u>	<u>\$ 59,787</u>	<u>\$ 5,819,275</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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,136,210	\$ 1,136,210	\$ 1,136,210	\$ -
Less: Prior Year Outstanding Warrants	(104,755)	(104,755)	(104,755)	
Less: Prior Year Encumbrances	(19,790)	(19,790)	(17,069)	2,721
Beginning Cash Balances, Budgetary Basis	<u>1,011,665</u>	<u>1,011,665</u>	<u>1,014,386</u>	<u>2,721</u>
Receipts:				
Ad Valorem Taxes	1,052,257	1,052,257	1,166,585	114,328
Charges for Services	76,720	76,720	125,643	48,923
Intergovernmental Revenues	117,626	118,325	271,838	153,513
Miscellaneous Revenues	5,382	5,382	128,137	122,755
Total Receipts, Budgetary Basis	<u>1,251,985</u>	<u>1,252,684</u>	<u>1,692,203</u>	<u>439,519</u>
Expenditures:				
District Attorney	23,600	23,600	21,443	2,157
Capital Outlay				
Total District Attorney	<u>23,600</u>	<u>23,600</u>	<u>21,443</u>	<u>2,157</u>
County Sheriff	565,920	565,920	563,019	2,901
Capital Outlay	1	1		
Total County Sheriff	<u>565,921</u>	<u>565,921</u>	<u>563,019</u>	<u>2,902</u>
County Treasurer	163,412	163,412	159,190	4,222
Capital Outlay	1	1		
Total County Treasurer	<u>163,413</u>	<u>163,413</u>	<u>159,190</u>	<u>4,223</u>
County Commissioners	149,703	149,703	16,350	133,353
Capital Outlay	51,000	51,000		
Total County Commissioners	<u>200,703</u>	<u>200,703</u>	<u>16,350</u>	<u>184,353</u>
County Clerk	241,399	241,399	221,119	20,280
Capital Outlay	1	1		
Total County Clerk	<u>241,400</u>	<u>241,400</u>	<u>221,119</u>	<u>20,281</u>
Court Clerk	190,056	190,056	188,900	1,156
Capital Outlay	1	1		
Total Court Clerk	<u>190,057</u>	<u>190,057</u>	<u>188,900</u>	<u>1,157</u>
County Assessor	139,368	139,414	135,551	3,863
Capital Outlay	1	1		
Total County Assessor	<u>139,369</u>	<u>139,415</u>	<u>135,551</u>	<u>3,864</u>
Revaluation of Real Property	137,531	137,573	129,828	7,745
Capital Outlay	1	1		
Total Revaluation of Real Property	<u>137,532</u>	<u>137,574</u>	<u>129,828</u>	<u>7,746</u>
Juvenile Shelter Bureau	21,000	21,000	8,405	12,595
Capital Outlay				
Total Juvenile Shelter Bureau	<u>21,000</u>	<u>21,000</u>	<u>8,405</u>	<u>12,595</u>
General Government	371,304	371,171	196,475	174,696
Capital Outlay	86,000	86,000	4,820	81,180
Total General Government	<u>457,304</u>	<u>457,171</u>	<u>201,295</u>	<u>255,876</u>
Excise Equalization Board	3,500	3,500	2,326	1,174
Capital Outlay	1	1		
Total Excise Equalization Board	<u>3,501</u>	<u>3,501</u>	<u>2,326</u>	<u>1,175</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, 2004**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
County Election Board	60,998	60,119	59,689	430
Capital Outlay	1	1,601	1,575	26
Total County Election Board	60,999	61,720	61,264	456
Charity	2,000	2,000	450	1,550
Capital Outlay				
Total Charity	2,000	2,000	450	1,550
Recording Account	11,000	11,000	9,069	1,931
Capital Outlay				
Total Recording Account	11,000	11,000	9,069	1,931
Civil Defense	34,284	34,307	34,032	275
Capital Outlay	1	1		1
Total Civil Defense	34,285	34,308	34,032	276
County Audit Budget	11,066	11,066	11,066	
Capital Outlay				
Total County Audit Budget	11,066	11,066	11,066	-
Provision for Interest on Warrants	500	500		500
Total Expenditures, Budgetary Basis	2,263,650	2,264,349	1,763,307	501,042
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	943,282	\$ 943,282
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			7,504	
Add: Current Year Outstanding Warrants			109,192	
Ending Cash Balance			\$ 1,059,978	

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 FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 84,556	\$ 84,556	\$ 84,556	\$ -
Less: Prior Year Outstanding Warrants	(21,476)	(21,476)	(21,476)	
Less: Prior Year Encumbrances	(3,405)	(3,405)	(3,118)	287
Beginning Cash Balances, Budgetary Basis	<u>59,675</u>	<u>59,675</u>	<u>59,962</u>	<u>287</u>
Receipts:				
Ad Valorem Taxes	105,627	105,627	117,118	11,491
Charges for Services			12,642	12,642
Intergovernmental Revenue			43	43
Miscellaneous Revenues			17	17
Total Receipts, Budgetary Basis	<u>105,627</u>	<u>105,627</u>	<u>129,820</u>	<u>24,193</u>
Expenditures:				
Health and Welfare	165,301	165,301	115,773	49,528
Capital Outlay	1	1		1
Total Expenditures Budgetary Basis	<u>165,302</u>	<u>165,302</u>	<u>115,773</u>	<u>49,529</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	74,009	<u>\$ 74,009</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			8,706	
Add: Current Year Outstanding Warrants			2,783	
Ending Cash Balance			<u>\$ 85,498</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, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
Court Clerk Revolving	\$ 35,294	\$ 22,125	\$ 4,429	\$	\$ 52,990
Merchant Restitution	40,815	937,675	933,036	350	45,804
District Attorney Revolving Fund		117,151	42,311		74,840
District Attorney Witness Fee	499	3,265	3,036		728
County Sheriff	687	983,509	997,686	17,907	4,417
County Sheriff State Tax	51				51
County Treasurer	14,110	309,996	307,665	286	16,727
County Treasurer Vehicle		9,013	9,013		
County Treasurer Implement		1,080	1,080		
County Clerk	16,151	259,133	253,993	28	21,319
District Court Clerk	285,819	2,271,917	2,380,621	31,889	209,004
District Court Fund	141,745	666,652	664,421	371	144,347
Emergency Medical Service	44,136	370,345	414,561	158	78
County Election Board		22,411	18,394	226	4,243
County Health Department		19,960	22,151	2,191	
County Assessor Fee	5,145	6,497	11,066		576
Supervision Fee		43,778			43,778
Restitution and Diversion	1,958	68,960	69,328	183	1,773
Criminal Restitution	2,468	186,936	180,142	132	9,394
Woodward/Dewey Self Pay	3,263	3,015	3,352		2,926
District 26 Sheriff Task Force		275,165	266,231	6,066	15,000
District 26 Multi-Disciplinary Child		21,082	6,979		14,103
Total Official Depository Accounts	\$ 592,141	\$ 6,599,665	\$ 6,589,495	\$ 59,787	\$ 662,098

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

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 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. Funds presented are established by statute, and their operations are under the control of the County officials.

B. Fund Accounting

A government entity 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 and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department 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 Comparative Statements of Receipts, Expenditures, and Changes in Fund Balances - Budget and Actual - for the General Fund and the County Health Department 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 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.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

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, 2004.

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	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	None

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

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

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

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 \$5,819,275 and the bank balance was \$5,913,009. 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 and § 348.3 allow the following types of investments:

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

B. Description of Funds

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

Detailed Notes on Funds and Account Balances (continued)

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.

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

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

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

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

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

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

Sheriff Service Fee - accounts for the collection and 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 personal property. The statutes allows for the purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

Detailed Notes on Funds and Account Balances (continued)

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

Sheriff Grant B-11 – accounts for the collection of grant funds to purchase a patrol vehicle.

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

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 – accounts 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.

Detailed Notes on Funds and Account Balances (continued)

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.

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.

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.

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 accounts are included in the official depository account.

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

District Attorney Revolving Fund - accounts for the collection of fees for the bogus check account to be used for the operation of the office.

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.

County Treasurer Implement – accounts for the fees collected from implement dealerships for the purchases of farm machinery.

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.

Supervision Fee – accounts for fees paid by defendants to the District Attorney for providing supervision in lieu of incarceration.

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.

District #26 Sheriff Task Force – accounts for grant funds received to be used for narcotic and drug control.

District #26 Multi-Disciplinary Child – accounts for grant funds received to be used to defray the cost of juvenile probation programs.

Detailed Notes on Funds and Account Balances (continued)

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."

The assessed property value as of January 1, 2003, was approximately \$106,103,988.

Per Article 10, § 8A, with the repeal of personal property tax, the mileages with the adjustment factor are 10.46 mills for general fund operations, 3.14 mills for the emergency medical service, and 1.05 mills for county health department. 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, 2004, were approximately 97 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.

Detailed Notes on Funds and Account Balances (continued)

E. Capital Leases

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

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%). The County received \$550,031 during the fiscal year ended June 30, 2004.

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***

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, 2004, and have issued our report thereon dated July 11, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bryan 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 an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described in the accompanying schedule of findings as item 2000-1.

A material weakness is a reportable 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 caused by error or fraud 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, we consider item 2000-1 to be a material weakness.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Woodward County and are included in Section 2 of the schedule of findings, contained in this report.

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

July 11, 2005

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 2000-1 - Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

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

Cause: This lack of segregation of duties is caused by the limited number of employees.

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

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

Views of responsible officials and planned corrective actions: We concur with the auditor's comments and will conduct periodic reviews of office operations.

SECTION 2 - This section contains matters not required to be reported in 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*, 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 2004-1 - Undocumented Meal Charges

Criteria: Title 19 O.S. 2001, §1506 provides for the county sheriff to request from the board of county commissioners to apply for a credit card or cards for the purchases or supplies or services necessary for travel out of the county. Purchases made with credit cards shall be limited to "actual expenses for travel" such as fuel, oil, meals, lodging, parking fees and telephone expenses. Additionally, §1506.D. requires that the county sheriff return all receipts for charges to the county commissioners in order to facilitate

WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2004

accurate records of total monthly expenditures for which the county will be obligated. Title 19 O.S. 2001, §1506.E. states that the charges be accurately documented on a form prescribed by the State Auditor and Inspector, attaching a written explanation of each expenditure as to the date, case number, or other identification number, area, location, reason for expenditure and amount expended.

Title 19 O.S. 2001, §1506.F. states, "A sheriff or deputy shall not receive any reimbursement, pursuant to the provisions of §161 through §166, §180.43, or 541 of this title, for any expenses for which a credit card issued pursuant to the provisions of this section has been used."

Finding: The County Sheriff's Credit Card Expenditure claims for the period beginning in July 1, 2003 and ending in March 28, 2005, revealed that meals totaling \$2,398.13 were charged to the County issued Bank America credit card in the name of the Woodward County Sheriff. These charges were subsequently paid from the B-2 County General Fund Sheriff maintenance and operation account. Upon reviewing the individual charge card receipts from the vendor and signed by the County Sheriff, Leslie Morton, we noted that only the total charged for the meal and the tip appeared on the receipt. We were unable to determine the number of meals purchased on each charge card receipt. However, we did note that the meal charges ranged from \$5.00 to \$50.00 with an average of approximately \$28.00 per meal, which seems to be more than the cost of one person's meal. The supporting documentation for these meals was either not present on the County Sheriff's Credit Card Expenditures Claim or specified as "meeting" or "meal."

Recommendation: As provided by Title 19 O.S. 2001, §1506, we recommend the County Sheriff reimburse all meals that failed to include all the information required by law and charged to the County issued Bank of America charge card. We additionally recommend that the Board of County Commissioners consider canceling credit cards for the County Sheriff's office and require the Sheriff or deputy to file for reimbursement of travel expenses in accordance with the State Travel Reimbursement Act in Title 74 O.S. §500.1 et. seq.

Views of responsible officials and planned corrective actions: Resolution R-05-36, approved by unanimous vote of the Board of Woodward County Commissioners effective July 18, 2005 rescinded the two (2) Bank of America Credit Cards previously issued to the Sheriff, and the cards are now in the possession of the Board of County Commissioners. The Resolution also requests reimbursement to the County from Sheriff Morton within 60 days of the date (July 18, 2005) for the entire amount of undocumented travel expenses revealed by the audit.

Finding 2004-2 - Undocumented Fuel and Lodging Charges

Criteria: Title 19 O.S. 2001, §1506 provides for the county sheriff to request from the board of county commissioners to apply for a credit card or cards for the purchases or supplies or services necessary for travel out of the county. Purchases made with credit cards shall be limited to "actual expenses for travel" such as fuel, oil, meals, lodging, parking fees and telephone expenses. Additionally, §1506.D. requires that the county sheriff return all receipts for charges to the county commissioners in order to facilitate accurate records of total monthly expenditures for which the county will be obligated. Title 19 O.S. 2001, §1506.E. states that the charges be accurately documented on a form prescribed by the State Auditor and

WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2004

Inspector, attaching a written explanation of each expenditure as to the date, case number, or other identification number, area, location, reason for expenditure and amount expended.

Title 19 O.S. 2001, §1506.F. states, "A sheriff or deputy shall not receive any reimbursement, pursuant to the provisions of §161 through §166, §180.43, or 541 of this title, for any expenses for which a credit card issued pursuant to the provisions of this section has been used."

Finding: As noted in the related findings for 2004-1, the Sheriff charged meals to the County's Bank of America credit card that were not clearly documented as travel expenses relating to the official duties of his office. The claims for credit charges either did not give any explanation for the charge or the reason for the expenditure was "meeting" or "meal". The Credit Card Expenditure Claims appear to be completed by someone other than the Sheriff; however, the credit card charge receipts appear to be signed by Leslie Morton, Woodward County Sheriff. For the period beginning July 1, 2003 through March 28, 2005, the Sheriff charged lodging totaling \$850.65 and fuel totaling \$715.58 for out of county travel expense that was not properly documented as to the purpose of the expense on the credit card expenditure claim form.

Recommendation: As provided by Title 19 O.S. 2001, §1506, we recommend all charges for lodging and fuel that failed to include all the information required by law be reimbursed by the County Sheriff. We additionally recommend that the Board of County Commissioners consider canceling credit cards for the County Sheriff's office and requiring the Sheriff or deputy to file for reimbursement of travel expenses in accordance with the State Travel Reimbursement Act in Title 74, section 500.1 et. seq.

Views of responsible officials and planned corrective actions: All charges for lodging and fuel that failed to include all the information required by law by Sheriff Morton have been requested to be reimbursed to Woodward County, by Resolution R-05-36. The Sheriff has been informed that from July 18, 2005 forward, the Sheriff and his deputies will file for reimbursement of Travel Expenses in accordance with the State Travel Reimbursement Act as recommended in the audit.

Finding 2004-3 - County Sheriff's Travel Allowance

Criteria: Title 19 O.S. 2001, §163 states, "Each county officer or his deputy shall be entitled to reimbursement for all traveling expenses incurred in the performance of official duties. All expenses shall be paid upon sworn itemized claims."

Additionally, Title 19 O.S. 2001, §164 states, "When transportation involves the use of the private automobile of a county officer, deputy, or county employee entitled to reimbursement, such county officer, deputy or employee shall be entitled to claim reimbursement for use thereof at the rate provided for in the State Reimbursement Act in Title 74 section 500.1 et. seq. for state officers and employees. Official duties shall include attendance by a county officer and at least one of his deputies for voluntary instruction."

Title 19 O.S. 2001, § 165.A. states in part, "In lieu of traveling expenses as provided in sections 163 and 164, the County Sheriff may receive a monthly travel allowance of five hundred dollars (\$500.00)."

WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
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Finding: We noted that fuel purchases were charged to Woodward County by Leslie Morton, on a Fuelman credit card during the same time that the Sheriff collected the monthly travel allowance that was to be used for driving his personal vehicle for in County official duties. Fuelman fuel charged by Leslie Morton to locations within the County limits was \$2,735.42 and \$930.96 to locations outside of the County. Most of the out of County fuel purchases were in Oklahoma City and Norman. Because there was no documentation for the purpose of this travel in most cases, we were unable to determine if official duties were being performed while in Oklahoma City and Norman.

We also noted that on some occasions the Sheriff verbally informed his administrative assistant to reduce the \$500.00 monthly travel allowance by a certain number of days, because he had driven the County owned vehicle on those dates. However, it appeared, based on records of fuel purchases that the number of days reduced for the travel allowance was not in agreement with the number of days that fuel was charged to the County. The total amount of monthly travel allowances claimed was \$9,333.37.

Recommendation: We recommend the County Sheriff reimburse the County for the fuel purchases charged to the County issued Fuelman card during the same time period that he was collecting the monthly travel allowance. Additionally, we recommend the proper authorities review the travel allowance issued to the County Sheriff, to determine if the County Sheriff should also reimburse travel allowance.

Views of responsible officials and planned corrective actions: The Board of County Commissioners has requested by Resolution R-05-36 that Sheriff Morton reimburse the County for fuel purchases charged to the County-issued Fuelman Card during the same time period that he was collecting the Monthly Travel Allowance from the County. The Commissioners have also requested reimbursement for the Travel Allowance issued to the Sheriff.

Finding 2004-4 - Travel Expenses Claimed for California Trip

Criteria: Title 19 O.S. 2001, §1506 provides for the county sheriff to request from the board of county commissioners to apply for a credit card or cards for the purchases or supplies or services necessary for travel out of the county. Purchases made with credit cards shall be limited to “actual expenses for travel” such as fuel, oil, meals, lodging, parking fees and telephone expenses. Additionally, §1506.D. requires that the county sheriff return all receipts for charges to the county commissioners in order to facilitate accurate records of total monthly expenditures for which the county will be obligated. Title 19 O.S. 2001, § 1506.E. states that the charges be accurately documented on a form prescribed by the State Auditor and Inspector, attaching a written explanation of each expenditure as to the date, case number, or other identification number, area, location, reason for expenditure and amount expended.

Title 19 O.S. 2001, § 1506.F. states, “A sheriff or deputy shall not receive any reimbursement, pursuant to the provisions of §161 through §166, §180.43, or 541 of this title, for any expenses for which a credit card issued pursuant to the provisions of this section has been used.”

Finding: We noted the Woodward County Sheriff, Leslie Morton, charged meals, lodging and fuel on one of the County issued Bank of America credit cards for a trip to transport a suspect back to Woodward, Oklahoma from Yreka, California. The ten (10) day circuitous trip included stops in Nevada, Utah,

WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2004

Wyoming, and Colorado prior to returning from California to Oklahoma. The total amount of this trip from July 22, 2004 to July 31, 2004, including meals of \$575.14, lodging of \$537.17 and fuel charges of \$409.81. Based on the activity recorded on the Bank of America charge card for this time period, it appears that the Sheriff took an indirect route back to Oklahoma and used a County issued credit card to pay for personal travel expenses. Additionally, the Sheriff received the \$500.00 travel allowance for the month of July 2004.

Recommendation: We recommend the County Sheriff reimburse the County for the personal travel expenses charged to the County's Bank of America charge card used during the circuitous trip from California to Oklahoma. Additionally, we recommend the proper authorities review the travel allowance issued to the County Sheriff, to determine if the County Sheriff should also reimburse the travel allowance.

Views of responsible officials and planned corrective action: The County Commissioners have requested Sheriff Morton to reimburse the County for the personal travel expenses charged to the County's Bank of America Credit Card used during the circuitous trip. The Commissioners have also requested reimbursement of the Sheriff's Travel Allowance.

Total reimbursement requested by the County Commissioners for Woodward County to be made by Sheriff Morton is \$16,964.11, with a 60-day period of time granted to the Sheriff to make the restitution payments(s).

It is the desire of the Board of Woodward County Commissioners to take immediate and decisive actions to insure that rules governing the conduct of Officers and Employees of Woodward County are adhered to by all, and that the taxpayers of Woodward County can be assured that their tax dollars are being used in the most expeditious manner.

STATISTICAL SECTION
(Unaudited)

**WOODWARD COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>TAXPAYER</u>	<u>JANUARY 1, 2003 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
Kronseder Farms Inc.	\$ 6,072,348	5.72%
Terra International Inc.	5,988,314	5.64%
Duke Energy Field Services Inc.	4,042,500	3.81%
Southwestern Bell Telephone	3,480,788	3.28%
Burlington Northern & SF Rwy	2,719,037	2.56%
OG&E	2,249,942	2.12%
Pioneer Telephone Coop Inc.	1,742,161	1.64%
ANR Pipeline Co.	1,650,364	1.56%
Natural Gas Pipeline Co. of America	1,400,270	1.32%
Wal-Mart	1,385,376	1.31%
Total	<u>\$ 30,731,100</u>	<u>28.96%</u>

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

**WOODWARD COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

Total net assessed value as of January 1, 2003		<u>\$ 106,103,988</u>
Debt limit - 5% of total assessed value		5,305,199
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 5,305,199</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, 2004
(UNAUDITED)**

	2004
Estimated population	18,486
Net assessed value as of January 1, 2003	\$ 106,103,988
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**WOODWARD COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>Valuation Date</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>
1/1/2003	\$29,109,375	\$18,635,621	\$62,913,009	\$4,554,017	\$106,103,988	\$964,581,709