

**WOODWARD COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2002**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 13, 2003

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward County, Oklahoma, for the fiscal year ended June 30, 2002. 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. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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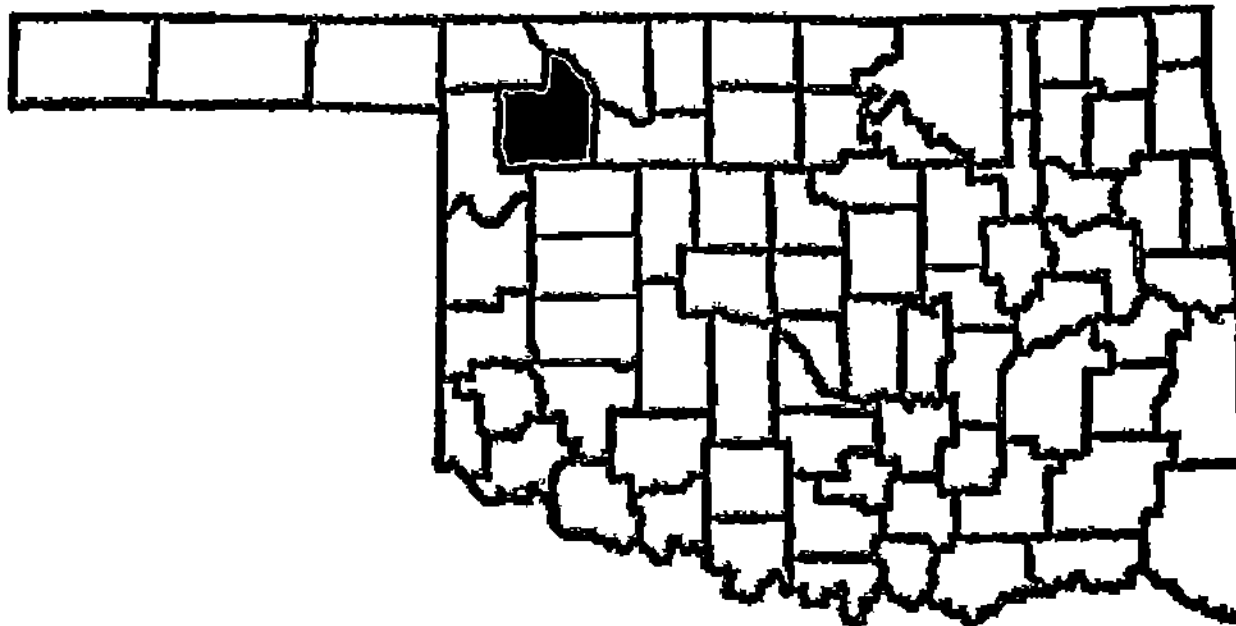
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**WOODWARD COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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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 - 18,588
(1999 est.)

Farms -- 800

Land in Farms -- 721,978 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**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

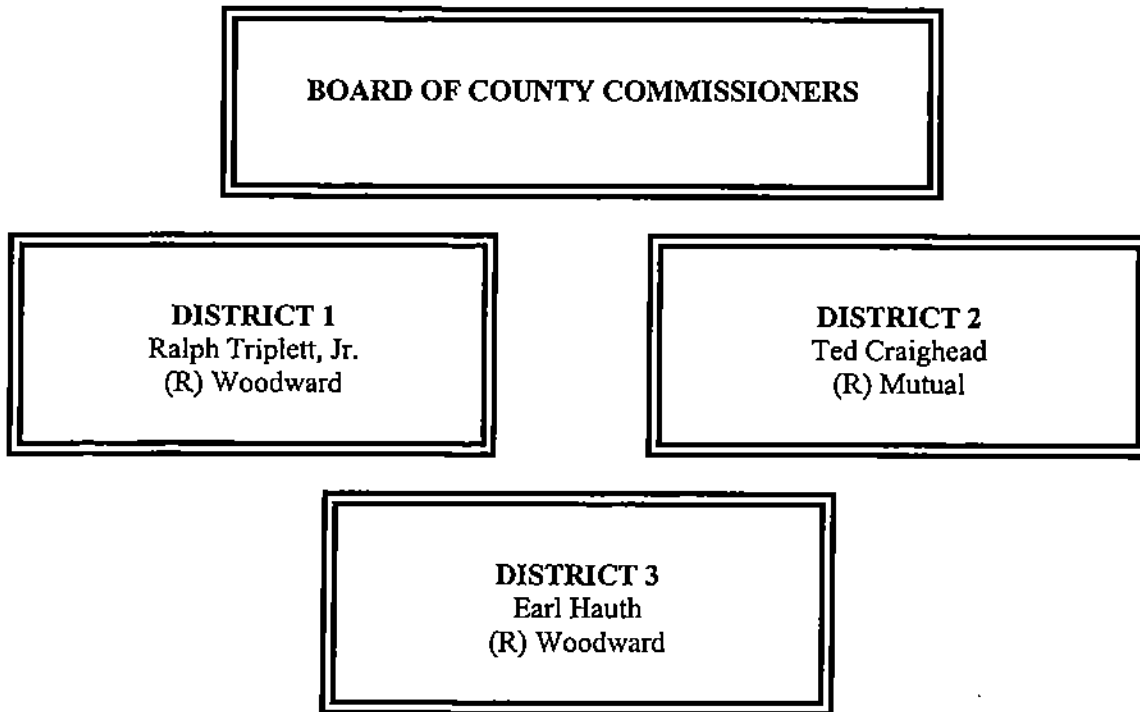
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**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.

**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.

**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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

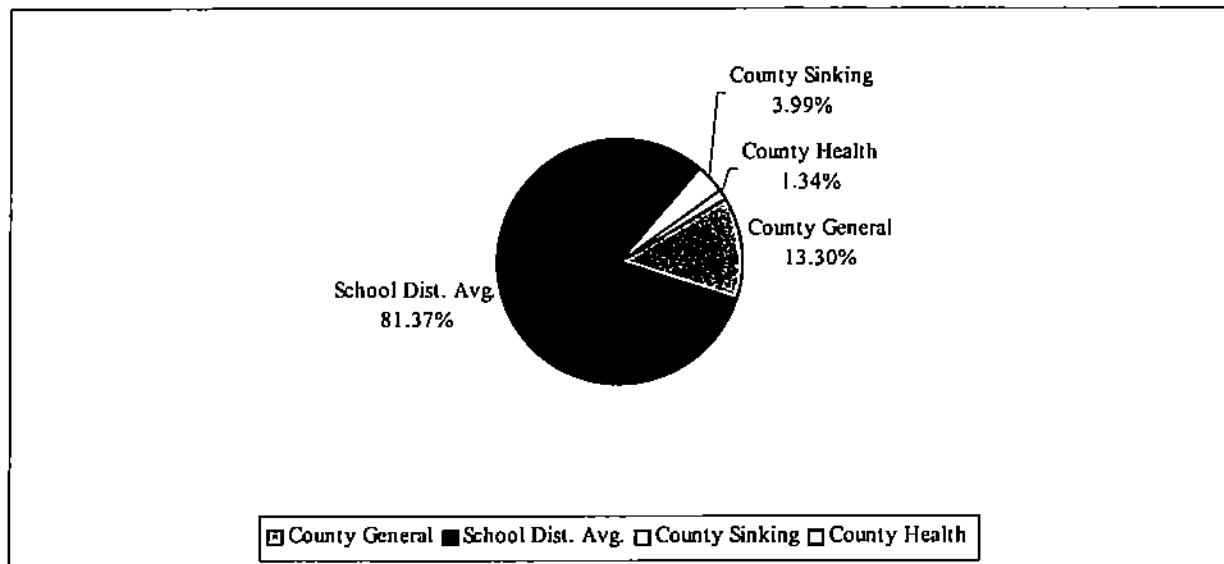
Carolyn Reed
(D) Woodward

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.

**AD VALOREM DISTRIBUTION
WOODWARD COUNTY, OKLAHOMA
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.	Vo-Tech	Common	Total
Co. General	10.46	Woodward	I-1	36.20	5.17	13.70	12.54	4.18	71.79
County Health	1.05	Mooreland	I-2	37.25	5.32	9.67	12.54	4.18	68.96
County Sinking	3.14	Sharon-Mutual	I-32	37.50	5.36	8.74	12.54	4.18	68.32
		Fort Supply	I-5	37.24	5.32	10.52	12.54	4.18	69.80
		Ellis	Jt I-2	37.31	5.33		12.54	4.18	59.36
		Ellis	Jt I-3	39.60	5.58	10.01		4.18	59.37
		Dewey	Jt I-5	38.11	5.44	10.86		4.18	58.59
		Dewey	Jt I-8	35.72	5.10	5.03		4.18	50.03
		Woods	Jt I-3	36.56	5.22		13.83	4.18	59.79
		Woods	Jt I-6	37.37	5.34	13.17	13.83	4.18	73.89

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, 2002, 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 fund 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, 2002, in conformity with the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2003, 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.

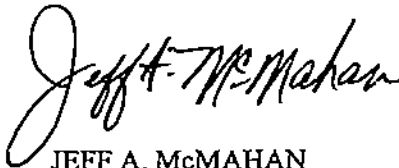
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Woodward County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we 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,



JEFF A. McMAHAN
State Auditor and Inspector

June 30, 2003

Special-Purpose Financial Statements

**WOODWARD COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2002**

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County General Fund	\$ 1,191,789	\$ 1,713,107	\$ 1,747,015		\$ 1,157,881
Highway Cash	1,471,410	2,800,548	3,089,447		1,182,511
County Health Department	127,004	125,024	117,610		134,418
Resale Property	51,468	30,000	36,854		44,614
Treasurer Mortgage Fee	15,387	6,290	117		21,560
County Clerk Lien Fee	27,062	11,743	10,573		28,232
County Clerk Preservation Fee		30,635	10,730		19,905
Assessor Visual Inspection	19,167		1,700		17,467
Assessor Revolving	1,041	3,869	600		4,310
Sheriff Jail Commissary	104	192	50		246
Fort Supply Lake Patrol	4,840	7,998	5,445		7,393
Sheriff Prisoner Revolving	19,332	101,283	77,448		43,187
Sheriff Service Fee	64,309	69,120	84,472		48,957
Sheriff Special	2,340		221		2,119
Sheriff Training	110				110
Community Service Sentencing Program	2,152	11,540	10,447		3,245
County Sales Tax	494,570	481,294	516,963		458,901
Free Fair	10,633	21,859	18,363		14,129
Schools	31,554	6,414,694	6,415,031		31,217
Vo-Tech	4,686	1,274,390	1,273,634		5,442
Cities and Towns	14,464	186,184	186,898		13,750
Official Depository	465,940	6,428,835	6,381,546	7,142	520,371
Protest Tax	418,037	120,364	422,067		116,334
Law Library	2,745	19,156	18,061		3,840
Unapportioned Tax	2,500				2,500
District Attorney Bogus Check	190,084	467,232	454,858		202,458
DATCC - District Attorney Forfeiture	52,647	35,081	36,492		51,236
Hawk Multi-Disciplinary		19,174	1,329		17,845
Sheriff Dist. 26 #9	101		101		
Sanitary Landfill	611,626	577,187	571,526		617,287
Emergency Medical Service	415,378	762,772	597,599		580,551
Individual Redemption	898	8,367	9,149		116
Probate Court Case	24,335	7,657			31,992
Public Assistance Fraud	250				250
Restitution & Diversion		5,157	3		5,154
STOP-V-01-31		27,834	19,960		7,874
District Attorney Stop 99 V-98-1	40		40		
District Attorney # 10 D-00-1034	16,211	42,500	58,711		
STOP 2001 #V-00-26	16,015	22,204	38,196		23
District Attorney # 11 D-01-1061	7,500	218,287	204,035		21,752
District Attorney Incarceration Costs	923	767	818		872
Quinlan Cemetery	10,000	494	494		10,000
EFTPS	33,947	1,223,240	1,214,294		42,893
Mortgage Tax Held for Refund		63	63		
Taxes Held for Refund	139	7,653	7,111		681
Sara Title III	5,541	6,521	1,921		10,141
Cash on Hand	100				100
Cash in Office	235				235
Total County Funds	\$ 5,828,634	\$ 23,290,315	\$ 23,641,992	\$ 7,142	\$ 5,484,099

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, 2002**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 1,191,789	\$ 1,191,789	\$ 1,191,789	\$ -
Less: Prior Year Outstanding Warrants	(145,057)	(145,057)	(145,057)	
Less: Prior Year Encumbrances	(29,817)	(29,817)	(17,497)	12,320
Beginning Cash Balances, Budgetary Basis	<u>1,016,915</u>	<u>1,016,915</u>	<u>1,029,235</u>	<u>12,320</u>
Receipts:				
Ad Valorem Taxes	994,446	994,445	1,122,338	127,893
Sales Tax			18,285	18,285
Charges for Services	81,210	81,210	110,554	29,344
Intergovernmental Revenues	107,431	107,431	270,279	162,848
Miscellaneous Revenues	5,526	14,351	191,651	177,300
Total Receipts, Budgetary Basis	<u>1,188,613</u>	<u>1,197,437</u>	<u>1,713,107</u>	<u>515,670</u>
Expenditures:				
District Attorney	25,000	25,000	23,085	1,915
Total District Attorney	<u>25,000</u>	<u>25,000</u>	<u>23,085</u>	<u>1,915</u>
County Sheriff	490,934	524,934	514,635	10,299
Capital Outlay	1	1		1
Total County Sheriff	<u>490,935</u>	<u>524,935</u>	<u>514,635</u>	<u>10,300</u>
County Treasurer	160,334	160,334	157,251	3,083
Capital Outlay	1	1		1
Total County Treasurer	<u>160,335</u>	<u>160,335</u>	<u>157,251</u>	<u>3,084</u>
County Commissioners	161,652	161,652	16,045	145,607
Capital Outlay	85,000	51,000		51,000
Total County Commissioners	<u>246,652</u>	<u>212,652</u>	<u>16,045</u>	<u>196,607</u>
County Clerk	235,783	235,783	214,854	20,929
Capital Outlay	1	1		1
Total County Clerk	<u>235,784</u>	<u>235,784</u>	<u>214,854</u>	<u>20,930</u>
Court Clerk	186,210	186,210	185,637	573
Capital Outlay	1	1		1
Total Court Clerk	<u>186,211</u>	<u>186,211</u>	<u>185,637</u>	<u>574</u>
County Assessor	137,060	135,060	134,485	575
Capital Outlay	1	2,001	1,878	123
Total County Assessor	<u>137,061</u>	<u>137,061</u>	<u>136,363</u>	<u>698</u>
Revaluation of Real Property	147,223	147,223	132,061	15,162
Capital Outlay	1	1		1
Total Revaluation of Real Property	<u>147,224</u>	<u>147,224</u>	<u>132,061</u>	<u>15,163</u>
Juvenile	21,000	21,000	7,635	13,365
Total Juvenile	<u>21,000</u>	<u>21,000</u>	<u>7,635</u>	<u>13,365</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, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	341,897	341,897	199,142	142,755
Capital Outlay	91,000	91,000	2,474	88,526
Total General Government	432,897	432,897	201,616	231,281
Excise-Equalization Board	3,500	3,500	2,549	951
Capital Outlay				
Total Excise-Equalization Board	3,500	3,500	2,549	951
County Election Board	59,455	60,137	58,315	1,822
Capital Outlay	1	1		1
Total County Election Board	59,456	60,138	58,315	1,823
Charity	2,000	2,000	224	1,776
Total Charity	2,000	2,000	224	1,776
Recording Account	11,000	11,000	10,087	913
Total Recording Account	11,000	11,000	10,087	913
Civil Defense	33,515	33,515	33,131	384
Capital Outlay	2,000	2,000	1,708	292
Total Civil Defense	35,515	35,515	34,839	676
County Audit Budget	10,458	18,600	18,600	
Total County Audit Budget	10,458	18,600	18,600	
Provision for Interest on Warrants	500	500		500
Total Expenditures, Budgetary Basis	2,205,528	2,214,352	1,713,796	500,556
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,028,546	\$ 1,028,546
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			22,482	
Add: Current Year Outstanding Warrants			106,853	
Ending Cash Balance			\$ 1,157,881	

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, 2002**

	County Health Department			
	Original	Final		Variance
	Budget	Budget	Actual	
Beginning Cash Balances	\$ 127,004	\$ 127,004	\$ 127,004	\$ -
Less: Prior Year Outstanding Warrants	(1,356)	(1,356)	(1,356)	
Less: Prior Year Encumbrances	(7,854)	(7,854)	(7,684)	170
Beginning Cash Balances, Budgetary Basis	<u>117,794</u>	<u>117,794</u>	<u>117,964</u>	<u>170</u>
Receipts:				
Ad Valorem Taxes	99,825	99,825	108,283	8,458
Charges for Services		11,679	11,679	
Intergovernmental Revenues			540	540
Miscellaneous Revenues			4,522	4,522
Total Receipts, Budgetary Basis	<u>99,825</u>	<u>111,504</u>	<u>125,024</u>	<u>13,520</u>
Expenditures:				
Health and Welfare	146,800	158,479	125,667	32,812
Capital Outlay	70,819	70,819	1,986	68,833
Total Expenditures, Budgetary Basis	<u>217,619</u>	<u>229,298</u>	<u>127,653</u>	<u>101,645</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	115,335	<u>\$ 115,335</u>
Reconciliation to Statement of Receipts Disbursements and Changes in Cash Balances				
Add: Current Year Encumbrances			11,721	
Add: Current Year Outstanding Warrants			7,362	
Ending Cash Balance			<u>\$ 134,418</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, 2002**

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Court Clerk	\$ 222,846	\$ 2,736,837	\$ 2,691,292	\$ 5,294	\$ 273,685
District Court Fund	143,906	517,948	552,931	40	108,963
Court Clerk Revolving	10,214	12,257	450		22,021
Merchant Restitution	20,620	905,269	863,995	625	62,519
Victim Restitution	13,056	28,263	32,495	331	9,155
Witness Fee	559	918	1,104		373
RAD Restitution		3,937	3,515		422
Criminal Restitution		10,346	6,700		3,646
County Sheriff	1,311	1,102,316	1,100,680		2,947
County Sheriff State Tax	51				51
County Clerk	12,959	187,466	186,201		14,224
County Treasurer	40,221	442,735	462,029	18	20,945
County Treasurer Vehicle		9,079	9,079		
County Treasurer Implement		522	522		
County Election Board	96	15,028	15,258	134	
County Health Department	1	18,493	17,464		1,030
County Assessor	100	4,158	3,868		390
Emergency Medical Service		431,263	431,963	700	
Department of Civil Emergency		2,000	2,000		
Total Official Depository Accounts	<u>\$ 465,940</u>	<u>\$ 6,428,835</u>	<u>\$ 6,381,546</u>	<u>\$ 7,142</u>	<u>\$ 520,371</u>

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

Notes to the Financial Statements

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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 Board of County Commissioners. 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 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 and county health department funds.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Summary of Significant Accounting Policies (continued)

Encumbrances outstanding at year-end are included in expenditures using the budgetary basis; however, they do not constitute expenditures using the cash basis. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department 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 Cash 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 cash 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, 2002.

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-Insured Group. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
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-Insured Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	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 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 2002 fiscal year.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The County's policies regarding accumulated unpaid vacation, sick pay, and other employee benefit amounts permit employees to accumulate up to 120 hours of annual leave after one year of employment. The County has no established policy regarding compensated absences. An employee earns up to 12 sick days per year and may accumulate up to 60 days.

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 \$5,484,099 and the bank balance was \$5,486,904. 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
- 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

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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

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 - accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

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

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 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Detailed Notes on Funds and Account Balances (continued)

Sheriff Training - accounts for the monies collected from 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 Sentencing Program - accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

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.

Schools - accounts for monies collected on behalf of the public schools in the 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.

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

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.

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

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

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.

DATCC District Attorney 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Detailed Notes on Funds and Account Balances (continued)

Sheriff Dist. 26 #9 - accounts for the District Attorney's Task Force Grant, used to investigate drug activity.

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.

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 & 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 does not result in physical injury to another human being. Collections are to be used to make any lawful expenditure 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 STOP 99 V-98-1 - accounts for the federal grant funds that are used in the Stop Violence Against Women Block Grant Program.

District Attorney #10 D-00-1034 - accounts for the federal grant funds that are used in the Multi-Jurisdictional Task Force Grant.

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 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Detailed Notes on Funds and Account Balances (continued)

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

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.

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

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.

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

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

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.

Court Clerk Revolving - This account was established July 1, 1991, by Oklahoma Statute Title 19 § 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 - is replaced by the RAD account. The remaining balance belongs to victims that cannot be located.

Witness Fee - accounts for the appropriated money from DAC for witness fees.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Detailed Notes on Funds and Account Balances (continued)

RAD Restitution - 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.

County Sheriff - accounts for all collection of foreign service fees and bonds. Monies are vouched out 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 Clerk - accounts for the collection for filing fees and disbursed to the Oklahoma Tax Commission and general fund.

County Treasurer - accounts for collection of taxes paid in advance

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

County Treasurer Implement - accounts for the fees collected from farm implement dealerships on farm implements that are sold.

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

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

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

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

Department of Civil Emergency - initially started in 1999 due to storms, collections are used for storm shelters, clean up, etc.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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, 2001, was approximately \$104,578,404.

The County levied 10.46 mills (the legal maximum) for general fund operations, 1.05 mills for the County Health Department and 3.14 mills for the Emergency Medical Service. 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, 2002, were approximately 97.9 percent of the tax levy.

C. 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.

**WOODWARD COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

Detailed Notes on Funds and Account Balances (continued)

D. Capital Leases

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

E. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

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 2002, the County received and apportioned \$481,294.

**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, 2002, and have issued our report thereon dated June 30, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not intended to be a complete presentation of the financial position and results of operations of those funds of Woodward County. 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Finding 2002-1 – Purchase Orders

Criteria: Title 19 O.S. 2001, § 1500-1505 sets forth the procedures to be followed when procuring goods and services for the use of county governments

Condition: The following exceptions were noted when reviewing the purchase orders:

- 1.) Two of the 40 purchase orders tested did not have signatures of approved receiving officer on the receiving report.

<u>Fund</u>	<u>PO#</u>	<u>Warr#</u>	<u>Paid to</u>	<u>Bid</u>
Co General (A-6)	1600	576	SPC Leasing	\$310.57
Commissary	4703	1	OTC – tax permit	\$ 50.00

2.) One of the 40 purchase orders tested did not have a receiving report.

<u>Fund</u>	<u>PO#</u>	<u>Warr#</u>	<u>Paid to</u>	<u>Bid</u>
County General (F-2)	1300	1183	Polk Directory	\$141.50

3) It was noted that five bids of ten bids tested were not time and date stamped when received.

<u>Fund</u>	<u>PO#</u>	<u>Warr#</u>	<u>Paid to</u>	<u>Bid</u>
Hwy T2-3	93	79	Koch	B-01-20
Hwy T3-1	335	107	Great Dane	B-01-28
Hwy T2-2	5458	2327	K&D	B-02-12a
			Construction	
Hwy T2-3	3796	2201	Durango Services	B-02-13
Hwy T2-3	428	291	Broce	B-01-95
			Construction	

Recommendation: We recommend that the County adhere to state statutes, which require the use of received reports. We also recommend that the receiving officer sign the receiving reports and use time and date stamps when receiving bids.

Finding 2002-2 - Lease-Purchase Agreements

Criteria: Title 62 O.S. 2001, § 430.1.C. authorizes governing boards to enter into lease-purchase contracts but not incur any obligation upon the government entity in excess of the income and revenue provided for the fiscal year in which the lease contract is effectively operative. Section 430.1.D. sets forth the specifications of the agreement to lease and purchase real or personal property where title is to be acquired by the government. The proper form to be used for this agreement is 120B.

Additionally, 62 O.S. 2001, § 430.1.E. stipulates that the payment for the lease or rental of real or personal property shall be made only from annual and supplemental appropriations specifically designated for such purpose, and no appropriation for the purpose of paying rentals on real or personal property shall be transferred or diverted to any other purpose.

Condition: The Sheriff did not use the proper 120B form when entering into lease-purchase agreements. Additionally, firefighting and sheriff lease-purchase payments were not paid from the lease-purchase agreement appropriation accounts, but were paid from the maintenance and operations and capital outlay appropriations.

Recommendation: We recommend all lease-purchase agreements be completed using Form 120B and the lease payments be made from lease-purchase appropriation accounts in accordance with 62 O.S. 2001, § 430.1.E.

Finding 2002-3 - Overtime Compensation Payments

Criteria: The Employee Personnel Policy Handbook states on page five that "County employees who are not exempt shall be entitled to overtime payment at the rate of the 1 1/2 times their regular rate of pay for all hours worked in a work week in excess of 40 hours."

Condition: Based upon the work performed it appears that the County overpaid District 3 employees by approximately \$1,359.31 for the month of November 2001.

It appears 47 excess hours for holiday, sick, and annual leave were paid by calculating 9 hours paid at time and a half, rather than 8 hours for employees being paid overtime.

Additionally, 80 hours of overtime paid at (time and a half) should have been paid as regular hours worked.

Recommendation: We recommend that only hours worked be claimed as overtime, excluding annual leave, sick leave, and paid holiday leave in accordance with the Employee Personnel Policy Handbook.

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 below.

Finding 1996-1 - County Inventory Records

Criteria: According to 19 O.S. 2001, § 178.1-5, the County is required to keep records of all "working tools, apparatus, machinery, and equipment... 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 \$250."

Condition: Information was not complete with regard to the County inventory records.

Effect: This component of internal control is not effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

Recommendation: We recommend that all purchases over \$250 be included on the inventory listing and be assigned an inventory identification number. In addition, form 3511 should be kept by the County Clerk on each item of inventory.

Finding 2001-1 - Segregation of Duties

Criteria: Good internal controls dictate 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.

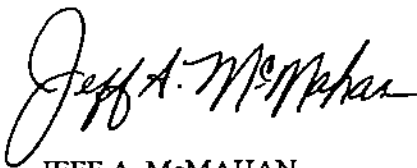
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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

June 30, 2003

Management Response

Ralph Triplett, Jr., Commissioner
District No. 1

Ted Craighead, Commissioner
District No.2

Vernie Mall, Commissioner
District No. 3

Telephone
(580) 256-8097
Fax (580) 254-6840

Dee Cleveland
Secretary



WOODWARD COUNTY COMMISSIONERS
1600 Main Street, Suite #9
Woodward, Oklahoma 73801-3060

July 23, 2003

Oklahoma State Auditor & Inspector
Weatherford District
1401 Lera, Suite 9
Weatherford, Oklahoma 73096

Subject: Corrective Action Plan

Reportable Finding 1996-1 General Fixed Assets

Response: Each County Officer has been notified that Inventory for their particular office must be maintained and updated on a regularly scheduled basis.

Reportable Finding 2001-1 Separation of Duties

Response: Management is aware of the condition and will conduct periodic reviews.

Reportable Finding 2002-1 Purchase Orders

Response: All bids received are now being time and date stamped on the envelopes, with envelopes becoming a part of the bid file. Extra attention will be given to checking for approving officer signature and receiving report on each purchase order.

Reportable Finding 2002-2 Lease Purchase Agreements

Response: Future Lease Purchase Agreements will be submitted on SA&I Form 120B and a Lease Purchase Account will be established for payments.

Reportable Finding 2002-3 Overtime Compensation Payments

Response: Those Officers paying overtime have been made aware that only hours worked can be claimed as overtime in accordance with the Employee Policy manual.

For the board of Woodward
County Commissioners

A handwritten signature in black ink that reads "Ron Hohweiler". The signature is written in a cursive style.

Ron Hohweiler
Woodward County Clerk

**Statistical Data
(Unaudited)**

**WOODWARD COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2002
(UNAUDITED)**

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Terra International, Inc.	\$ 6,331,643	6.05%
2 Kronseder Farms Inc.	6,070,629	5.80%
3 Duke Energy Field Services Inc.	3,973,216	3.80%
4 Southwestern Bell Telephone	2,758,997	2.64%
5 Burlington Northern & Santa Fe Railroad	2,329,963	2.23%
6 Oklahoma Gas & Electric Co.	2,307,064	2.21%
7 A N R Pipeline Co.	2,214,455	2.12%
8 Pioneer Telephone Coop, Inc.	1,447,018	1.38%
9 Oklahoma Natural Gas Co.	1,304,730	1.25%
10 Natural Gas Pipeline Co. of America	1,259,390	1.20%
Total	<u>\$ 29,997,105</u>	<u>28.68%</u>

**WOODWARD COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2002
(UNAUDITED)**

Total net assessed value as of January 1, 2001		<u>\$ 104,578,404</u>
Debt limit - 5% of total assessed value		\$ 5,228,920
Total bonds outstanding	0	
Total judgments outstanding	0	
Less cash in sinking fund	<u>0</u>	<u>-</u>
Legal debt margin		<u>\$ 5,228,920</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, 2002
 (UNAUDITED)**

	2002
Estimated population	18,588
Net assessed value	\$ 104,578,404
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	-
Net bonded debt per capita	\$ -

WOODWARD COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2002
(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>
2001	\$27,454,484	\$17,341,359	\$64,431,421	\$4,648,860	\$104,578,404	\$950,712,764