

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

October 8, 2004

TO THE CITIZENS OF
WOODS COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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

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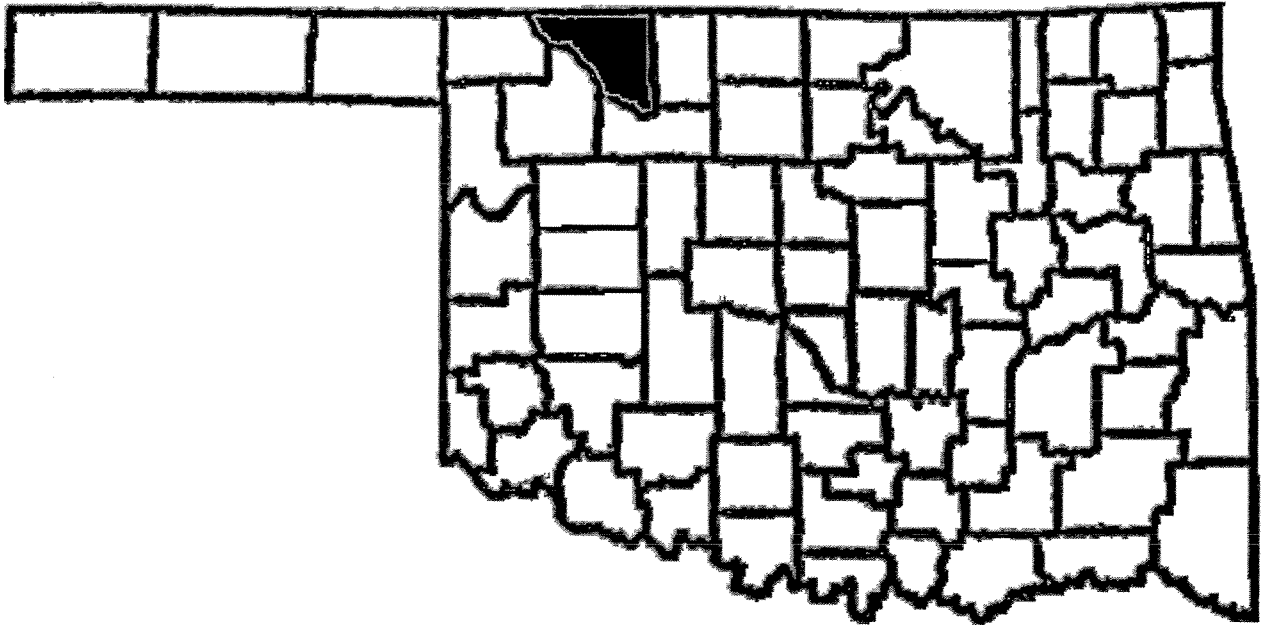
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**WOODS COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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



Woods County was created at statehood from portions of Woods and Woodward counties, Oklahoma Territory. It was part of the Cherokee Outlet, given to the Cherokees in 1828 as a hunting outlet. In 1893, the Cherokee Outlet was opened to white settlement by a land run, the greatest horserace in history. The area, which was to become Woods County, was originally designated as County "M."

The Constitutional Convention divided old Woods County. The eastern portion became Alfalfa County; a southern portion became Major County; and part of Woodward County north and east of the Cimarron River was added to the remainder to make up present-day Woods County.

County Seat – Alva

Area – 1286.6 Square Miles

County Population – 9,089
(2000 est.)

Farms – 705

Land in Farms – 804,637 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**WOODS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Monica Schmidt
(D) Alva

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
Pam Small
(D) Dacoma

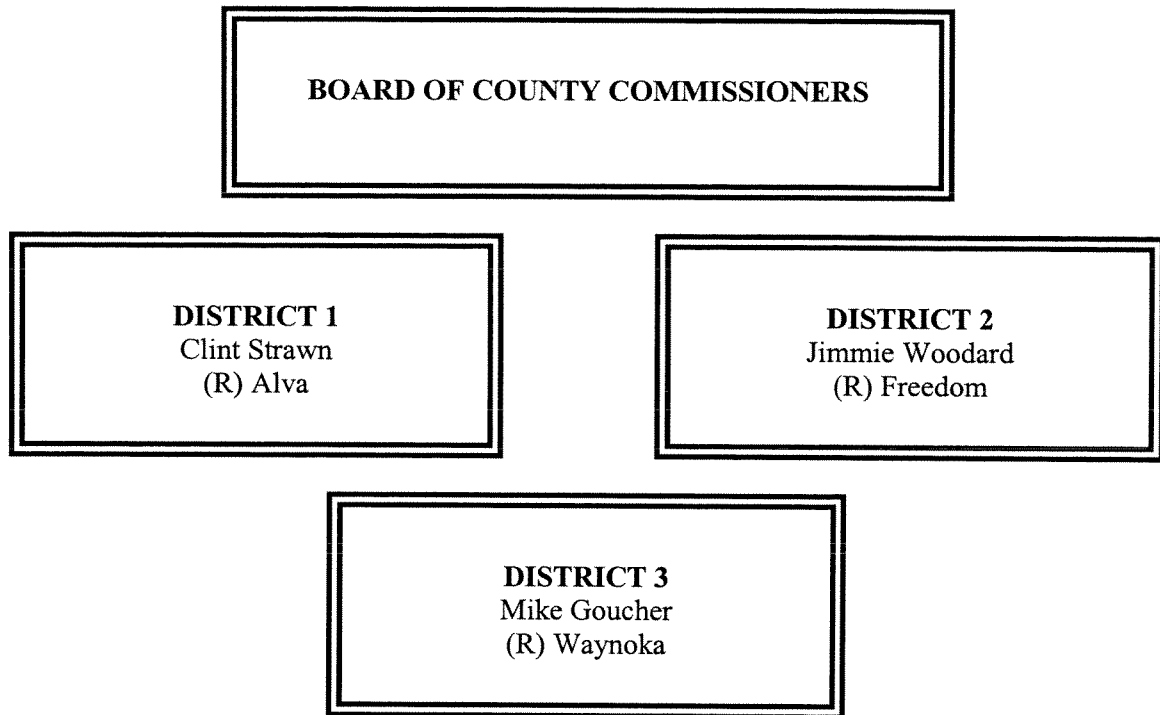
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**WOODS 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.

**WOODS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Rudy Briggs Jr.
(D) Alva

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
Barbara Long
(D) Alva

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.

**WOODS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Della Dunnigan
(R) Alva

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.

**WOODS COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY
Wylodean Linder
(D) Alva

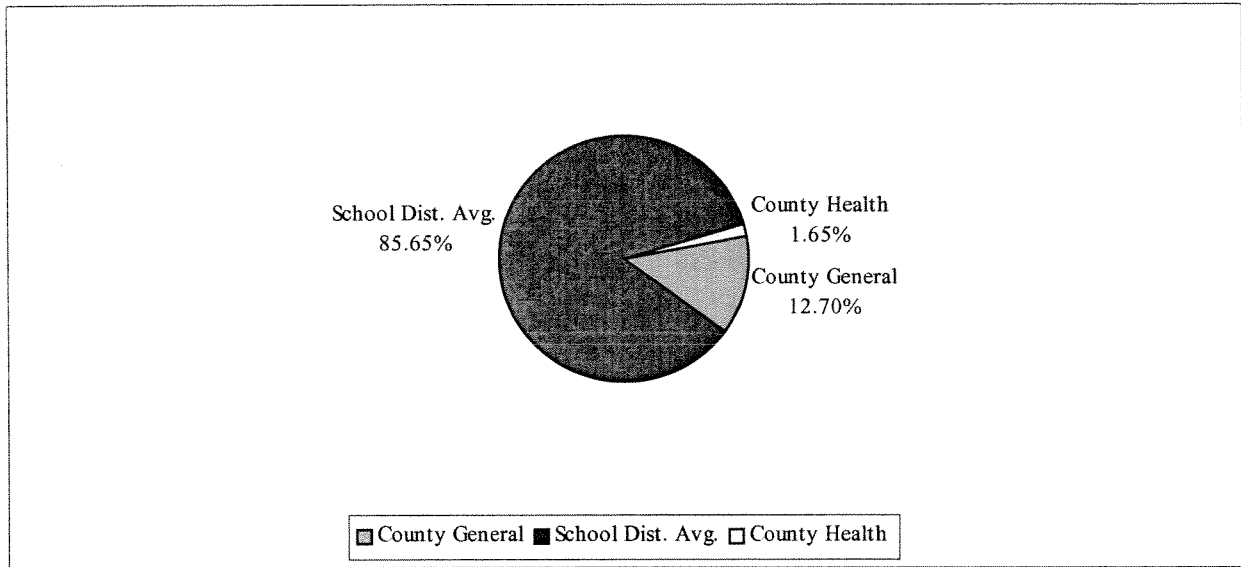
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**WOODS 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							
					Technology Center	Technology Center			
		Gen.	Bldg.	Skg.	General	Building	Common	Total	
Co. General	10.56								
County Health	1.37								
		Alva	36.48	5.21	6.04	10.56	3.17	4.22	65.68
		Capron	36.48	5.21	6.04	10.56	3.17	4.22	65.68
		Cadoma	36.48	5.21	6.04	10.56	3.17	4.22	65.68
		Rural Area	36.48	5.21	6.04	10.56	3.17	4.22	65.68
		Waynoka	37.64	5.38	12.72	10.56	3.17	4.22	73.69
		Avard	37.64	5.38	12.72	10.56	3.17	4.22	73.69
		Rural Area	37.64	5.38	12.72	10.56	3.17	4.22	73.69
		Freedom	38.64	5.52	13.69	10.56	3.17	4.22	75.80
		Rural Area	38.64	5.52	13.69	10.56	3.17	4.22	75.80
		Major Joint	38.90	5.56	4.16	10.56	3.17	4.22	66.57
		Alfalfa Joint	35.00	5.00	10.57			4.22	54.79

See independent auditor's report.

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
WOODS COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Woods County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Woods 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 Woods 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 Woods 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 Woods County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2004, on our consideration of Woods 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.

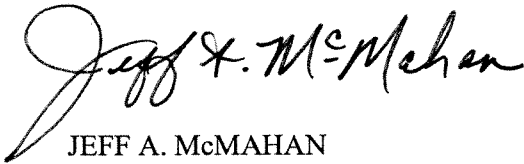
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Woods County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express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

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMAHAN". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

September 7, 2004

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General Fund	\$ 748,653	\$ 1,571,782	\$ 1,575,818	\$	\$ 744,617
Highway Cash	1,289,640	3,047,177	3,161,500		1,175,317
County Health Department	126,969	97,319	58,084		166,204
Resale Property	17,041	22,205	12,644		26,602
Sheriff Service Fee	48,001	21,104	31,500		37,605
Sheriff Contract Prisoner Revolving	36,979	24,072			61,051
Sheriff Equipment Grant	10,556	11,111	10,556		11,111
Juvenile Justice Grant	14,008	39,655	43,092		10,571
Juvenile Affairs	2,439				2,439
Community Service Sentencing Program	5,502	7,078	8,207		4,373
County Clerk Records Preservation Fee	12,865	17,805			30,670
County Clerk Lien Fee	33,162	11,028	4,546		39,644
Treasurers Mortgage Tax Certification Fee	10,219	2,530	5,068		7,681
Assessor Revolving Fee	1,990	6,223	2,400		5,813
Assessor Visual Inspection	2,617	51	759		1,909
Special Insurance	1,577				1,577
Schools	5,878,834	15,264,883	15,485,863		5,657,854
Cities and Towns	9,141	129,961	130,866		8,236
Official Depository	435,630	1,783,672	1,661,568	4,782	562,516
Court Clerk Investment	1,075,709	24,143	1,651		1,098,201
Law Library	6,503	11,570	15,814		2,259
E 911		130,396	1,718		128,678
Unapportioned Tax	2,500				2,500
Woods County Withholding	36,056	441,177	439,377		37,856
Free Fair	18,718	13,468	12,069		20,117
VAP Sinking	235,150	193,323	200,000		228,473
Official Depository Cash	171				171
Unapportioned Miscellaneous		1,716,200	1,716,200		
Tax Refunds		155	155		
Total County Funds	\$ 10,060,630	\$ 24,588,088	\$ 24,579,455	\$ 4,782	\$ 10,074,045

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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 748,653	\$ 748,653	\$ 748,653	\$ -
Less: Prior Year Outstanding Warrants	(86,933)	(86,933)	(86,933)	
Less: Prior Year Encumbrances	(37,611)	(37,611)	(31,202)	6,409
Beginning Cash Balances, Budgetary Basis	<u>624,109</u>	<u>624,109</u>	<u>630,518</u>	<u>6,409</u>
Receipts:				
Ad Valorem Taxes	608,391	608,391	716,403	108,012
Sales Tax	316,101	316,101	375,904	59,803
Charges for Services	46,156	46,156	55,373	9,217
Intergovernmental Revenues	182,074	280,674	356,886	76,212
Miscellaneous Revenues			67,216	67,216
Total Receipts, Budgetary Basis	<u>1,152,722</u>	<u>1,251,322</u>	<u>1,571,782</u>	<u>320,460</u>
Expenditures:				
District Attorney	14,000	14,000	10,424	3,576
Capital Outlay				
Total District Attorney	<u>14,000</u>	<u>14,000</u>	<u>10,424</u>	<u>3,576</u>
County Sheriff	217,306	227,306	221,893	5,413
Capital Outlay	1,000	1,000	998	2
Total County Sheriff	<u>218,306</u>	<u>228,306</u>	<u>222,891</u>	<u>5,415</u>
County Treasurer	99,140	99,140	98,160	980
Capital Outlay	100	100		100
Total County Treasurer	<u>99,240</u>	<u>99,240</u>	<u>98,160</u>	<u>1,080</u>
County Commissioners	125,700	125,700	4,412	121,288
Capital Outlay				
Total County Commissioners	<u>125,700</u>	<u>125,700</u>	<u>4,412</u>	<u>121,288</u>
County Commissioners OSU Extension	51,744	51,744	31,630	20,114
Capital Outlay	2,000	2,000	1,460	540
Total County Commissioners OSU Extension	<u>53,744</u>	<u>53,744</u>	<u>33,090</u>	<u>20,654</u>
County Clerk	125,640	125,640	124,498	1,142
Capital Outlay	100	100		100
Total County Clerk	<u>125,740</u>	<u>125,740</u>	<u>124,498</u>	<u>1,242</u>
Court Clerk	93,940	93,940	93,239	701
Capital Outlay				
Total Court Clerk	<u>93,940</u>	<u>93,940</u>	<u>93,239</u>	<u>701</u>
County Assessor	100,120	100,423	100,121	302
Capital Outlay	2,555	2,555	2,008	547
Total County Assessor	<u>102,675</u>	<u>102,978</u>	<u>102,129</u>	<u>849</u>
Revaluation of Real Property	211,728	211,425	203,330	8,095
Capital Outlay	3,250	3,250		3,250
Total Revaluation of Real Property	<u>214,978</u>	<u>214,675</u>	<u>203,330</u>	<u>11,345</u>
Juvenile				
Capital Outlay	3,500	3,500	3,145	355
Total Juvenile	<u>3,500</u>	<u>3,500</u>	<u>3,145</u>	<u>355</u>
General Government	223,673	213,129	138,430	74,699
Capital Outlay	60,500	159,100	144,972	14,128
Total General Government	<u>284,173</u>	<u>372,229</u>	<u>283,402</u>	<u>88,827</u>
Excise-Equalization Board	4,050	4,050	2,878	1,172
Capital Outlay				
Total Excise-Equalization Board	<u>4,050</u>	<u>4,050</u>	<u>2,878</u>	<u>1,172</u>

continued on next page

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	\$ 47,795	\$ 46,622	\$ 44,052	\$ 2,570
Capital Outlay	1	1,718	1,695	23
Total County Election Board	47,796	48,340	45,747	2,593
Insurance - Benefits	265,590	265,590	228,875	36,715
Capital Outlay				
Total Insurance - Benefits	265,590	265,590	228,875	36,715
Charity	2,500	2,500		2,500
Capital Outlay				
Total Charity	2,500	2,500		2,500
Highway	28,685	28,685	28,254	431
Capital Outlay	600	600		600
Total Highway	29,285	29,285	28,254	1,031
County Audit Budget	6,914	6,914	6,914	
Capital Outlay				
Total County Audit Budget	6,914	6,914	6,914	
Free Fair Budget	67,700	67,700	67,700	
Capital Outlay	16,000	16,000	15,980	20
Total Free Fair Budget	83,700	83,700	83,680	20
Provision for Interest on Warrants	1,000	1,000		1,000
Total Expenditures, Budgetary Basis	1,776,831	1,875,431	1,575,068	300,363
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	627,232	\$ 627,232
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			28,054	
Add: Current Year Outstanding Warrants			89,331	
Ending Cash Balance			\$ 744,617	

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

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

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 126,969	\$ 126,969	\$ 126,969	\$ -
Less: Prior Year Outstanding Warrants	(643)	(643)	(643)	
Less: Prior Year Encumbrances	(846)	(846)	(725)	121
Beginning Cash Balances, Budgetary Basis	<u>125,480</u>	<u>125,480</u>	<u>125,601</u>	<u>121</u>
Receipts:				
Ad Valorem Taxes	78,928	78,928	92,944	14,016
Charges for Services		951	951	
Intergovernmental Revenue			324	324
Miscellaneous Revenues			3,100	3,100
Total Receipts, Budgetary Basis	<u>78,928</u>	<u>79,879</u>	<u>97,319</u>	<u>17,440</u>
Expenditures:				
Health and Welfare	115,297	116,248	58,457	57,791
Capital Outlay	89,111	89,111		89,111
Total Expenditures Budgetary Basis	<u>204,408</u>	<u>205,359</u>	<u>58,457</u>	<u>146,902</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	164,463	<u>\$ 164,463</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			803	
Add: Current Year Outstanding Warrants			938	
Ending Cash Balance			<u>\$ 166,204</u>	

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

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

Official Depository Accounts	Beginning Cash Balances			Cancelled Vouchers	Ending Cash Balances June 30, 2003
	July 1, 2002	Receipts	Disbursements		
County Treasurer Tax Trust	\$ 4,207	\$ 98,120	\$ 96,343	\$ 1,313	\$ 7,297
County Treasurer Auto Stamp	88	1,670	1,386		372
County Treasurer Protest Tax	212,388	807,616	633,173	1,001	387,832
County Treasurer Implement Stamp	1,140	6,270	7,758		(348)
District Court Clerk	120,484	401,111	481,513	434	40,516
District Court Fund	32,662	249,430	210,191		71,901
Court Fund Encumbrance	10,000		10,000		
Court Clerk Revolving	10,083	7,193	9,888		7,388
County Clerk	7,545	101,048	104,002	376	4,967
District Attorney	9,307	16,794	17,020		9,081
County Sheriff	26,882	71,265	66,571	597	32,173
Sheriff Estray Cattle	591	713	605		699
County Health Department		3,324	3,324		
County Election Board	253	19,118	19,794	1,061	638
Total Official Depository Accounts	\$ 435,630	\$ 1,783,672	\$ 1,661,568	\$ 4,782	\$ 562,516

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Woods 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 Statement of Receipts, Expenditures, and Changes in Fund 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 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, 2003.

F. Risk Management

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

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
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 2003 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The County's employee personnel policy handbook (2002) sets forth the following for annual leave benefits:

Years of Service	Annual Leave	<u>35hrs/wk</u>	<u>40hrs/wk</u>	Carry over limit
1 year	1 week	35 hours	40 hours	6 weeks
2 to 4 years	2 weeks	70 hours	80 hours	
5 to 15 years	2 2/5 weeks	84 hours	96 hours	
16 years or more	3 weeks	105 hours	120 hours	

All full-time Woods County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 152 hours.

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 \$10,074,045 and the bank balance was \$9,985,760. 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

Detailed Notes on Funds and Account Balances (continued)

- 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.

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.

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

Sheriff Contract 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 Equipment Grant – accounts for local law enforcement block grant fund received to be disbursed for sheriff equipment.

Juvenile Justice Grant – accounts for grant funds received from the Oklahoma Juvenile Justice Agency to be used to house, feed, and transport juveniles in the custody of Woods County Sheriff.

Juvenile Affairs – accounts for the balance remaining of a prior juvenile grant.

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

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

Detailed Notes on Funds and Account Balances (continued)

County Clerk Lien Fee - accounts for lien collections and disbursements 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.

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

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

Special Insurance – accounts for the balance remaining of prior insurance reimbursements made to the County for property losses.

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.

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.

Court Clerk Investment – accounts for the interest earned on a court-ordered investment held in trust by the Court Clerk.

Law Library - accounts for monies received for disbursement from the state for the Law Library Board.

E911 – accounts for the collection and remittance of tax, to be used for emergency contacts.

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

Woods County Withholding – accounts for the receipt and distribution of payroll taxes for the County.

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

Detailed Notes on Funds and Account Balances (continued)

VAP Sinking – accounts for the balance remaining from a county project for which the debt was paid with a special ad valorem tax levy.

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

Unapportioned Miscellaneous – accounts for the collections from miscellaneous sources that are apportioned at the end of each month.

Tax Refunds – accounts for the refund of overpayment of ad valorem taxes.

Additionally, the following accounts are included in the official depository account.

County Treasurer Tax Trust – accounts for collection of taxes paid in advance.

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

County Treasurer Protest Tax – accounts for collections of ad valorem taxes which have been protested and are held until a decision is made on tax cases filed and released as directed by the courts.

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

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.

District Court Fund – accounts for fees transferred from District Court and interest earned on those funds. Funds are disbursed for the salaries, equipment and the operation of the Court Clerk's office.

Court Fund Encumbrance – accounts for funds appropriated by the administrator of the courts for computer and office equipment.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant served by the Sheriff. Money is disbursement in the same manner as the court fund.

County Clerk – accounts for the collection of filing fees and disbursed to Oklahoma Tax Commission and the County Clerk Lien Fee Account.

Detailed Notes on Funds and Account Balances (continued)

District Attorney – accounts for the appropriated money from DAC for witness fees.

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

Sheriff Estray Cattle – accounts for the proceeds from the sale of estray cattle, and is disbursed for the expenses related to the care of the cattle.

County Health Department – accounts for the fees for services performed by the county health department and transferred to the special revenue fund for general operations.

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.

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, 2002, was approximately \$69,135,190.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.56 mills (the legal maximum) for general fund operations and 1.37 mills for the 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.

Detailed Notes on Funds and Account Balances (continued)

Current year tax collections for the year ended June 30, 2003, were approximately 95.69 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or 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. General Obligation Bonds

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

G. 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

Woods County voters elected to have a ½ cent sales tax for an unlimited time. The tax is not earmarked, but is to be apportioned to the general fund for general operations. The County began collecting the tax April 1, 1992. The County distributed \$375,904 for the fiscal year ended June 30, 2003.

**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
WOODS COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Woods County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 7, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woods 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 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 2003-1.

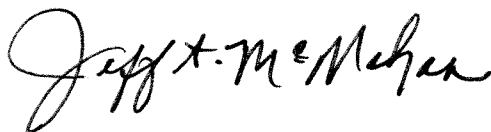
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, we consider item 2003-1 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,

A handwritten signature in black ink that reads "Jeff A. McMahen". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

September 7, 2004

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

Finding 2003-1 – Segregation of Duties

Criteria: Demonstration of accountability and stewardship are goals in the evaluation of 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: Due to the limited number of employees in the office, there are individuals who are primarily responsible for all or most of the calculating, reviewing, approving, disbursing and reporting of disbursements from official depository accounts. The office currently has one person who performs the apportionment process and all other bookkeeping duties (including posting to daily reports, general ledger, monthly reports, and reconciling bank statements).

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. It is desirable to review transactions and cross train employees to perform various duties, and then periodically change the division of the duties. This would provide some level of segregation of duties and increase the possibility for the detection of irregularities.

Management Response: Management is aware of the situation, and is currently conducting cross training, in an effort to correct the problem.

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

Finding 2003-2 – Pledged Collateral

Criteria: Title 19 O.S. 2001, § 121 states "...before the deposit of any such funds the county treasurer shall take from each of such banks security in a sum equal to the largest approximate amount that may be deposited in each bank respectively at any one time. Such security is required to be pledged, taken, approved, held and withdrawn under the provisions of the Security for Local Public Deposits Act..."

Condition: The County's deposits were underpledged on two occasions in two different banks. Central National Bank was under-pledged \$286,499.07 on January 24, 2003. Community National Bank was underpledged by \$32,524.48 on April 16, 2003.

Recommendation: We recommend the County Treasurer maintain a detailed Investment and Pledged Security ledger to easily monitor securities pledged for each bank in accordance with Title 19 O.S. 2001, § 121.

Management Response: A listing of collateral for each bank by month is now being maintained, beginning with July 2004.

Finding 2003-3 - Sheriff's Official Depository Balance

Criteria: Title 60 O.S. 2001, § 657 states, "Intangible property held for the owner by a court, state or other government, governmental subdivision or agency, public corporation, or public authority which remains unclaimed by the owner for more than one (1) year after becoming payable or distributable is presumed abandoned."

Title 60 O.S. 2001, § 661 states, "A person holding property, tangible or intangible, presumed abandoned and subject to custody as unclaimed property under the Uniform Unclaimed Property Act, shall report to the State Treasurer concerning the property..." It further states, that written notice shall be given to the owner 120 days before filing the report.

Additionally, Title 19 O.S. 2001, § 684 states, "All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof, accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, - that is, transferred from the official account of the officer, board, commission or employee of either thereof depositing the same, to the fund or funds of the county or municipal subdivision thereof to which the same belongs..."

Condition: The County Sheriff's Official Depository account had a balance at June 30, 2003, of \$32,173.63. After discussion with the Sheriff's office, we determined approximately \$18,000 in drug forfeiture funds and the remaining is unclaimed cash bonds that they have not been refunded, returned or deposited in a court case.

Recommendation: We recommend that the Sheriff's office send unclaimed bonds to the Unclaimed Property Fund, and that the drug forfeiture funds be placed in a separate cash voucher account for proper expenditure. We further recommend that the balance of the Sheriff's Official Depository fund be transferred at the end of each month to appropriate entities as set forth in Title 19 O.S. 2001, § 684.

Management Response: The Sheriff was not aware of these stipulations, but will strive to comply with Oklahoma Statutes, and has began the process of determining the identity of the funds that make up the balance in the depository account.

Finding 2003-4 - Encumbrance of Purchase Orders

Criteria: In accordance with Title 62 O.S. 2001, § 310.1 which states in part, "...The purchasing officer, having authority to purchase or contract against all budget appropriation accounts as authorized by law shall submit all purchase orders and contracts prior to the time the commitment is made to the officer charged with keeping the appropriation and expenditure records..."

Condition: The test of 68 purchase orders revealed six instances (8.8%), in which goods or services were received prior to the purchase order being encumbered in the Sheriff's office and the three County Commissioner's Districts.

Recommendation: We recommend the officers prepare and forward to the purchasing agent, the purchase order, so that funds are encumbered for all purchases before any partial or actual services are performed, in accordance with Title 62 O.S. 2001, § 310.1.

Management Response: The Sheriff and County Commissioners will strive to comply with proper encumbrance requirements.

Finding 2003-5 - Part-time Permanent Sheriff Employees

Criteria: The Woods County Employee Personnel Policy Handbook states on page eight, "In the case of law enforcement personnel, overtime will be paid for hours worked in excess of 171 hours in the 28 day period." The handbook allows for time off in lieu of overtime payment at the rate of 1½ hour for each hour of overtime worked.

Additionally, the Oklahoma Public Employees Retirement System (OPERS) requires that employees working at least 1040 hours per year receive retirement benefits.

Condition: The permanent part-time employees of the Sheriff's office who are eligible for OPERS did not receive leave benefits. They are paid a flat monthly rate of \$1,100. If they work beyond what they are scheduled, they receive \$5.50 per hour worked. The hours were not kept on a 28 day period.

Additionally, permanent part-time employees worked in excess of 1040 hours in one continuous year, but did not receive retirement benefits.

Recommendation: We recommend that law enforcement personnel timesheet documentation be maintained on a 28 day basis and the overtime rate be charged on hours exceeding 171 hours during that time frame, to comply with the Fair Labor Standards Act and the Woods County Employee Personnel Policy. We additionally recommend these employees receive retirement benefits in accordance with OPERS rules.

Management Response: The County Sheriff is making adjustments to schedule employees so as not to accrue overtime. Those employees that have worked 1040 hours in the year are now receiving retirement benefits.

Finding 2003-6 - Identification of County Owned Equipment

Criteria: According to 69 O.S. 2001, § 645, county-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, **on EACH SIDE**, in upper case letters, on a background of sharply contrasting color. (Emphasis added)

Condition: Several inventory items at all three districts were not properly marked as required by 69 O.S. 2001, § 645.

Recommendation: The Board of County Commissioners should evaluate its policies and procedures for marking its equipment and make the necessary changes to improve its compliance with the above statute.

Management Response: The County Commissioners will check into marking County-owned equipment in accordance with state statutes, and will perform a physical inventory of equipment and reconcile it to the County Clerk's year-end summary.

Finding 2003-7 - Identification of Sheriff and Election Board Inventory Items

Criteria: The Purchasing Handbook for Oklahoma Counties, Chapter 10 County Inventory of Fixed Assets (The inventory officer in each department and the County Clerk must maintain a record of tools, apparatus, machinery, and equipment. A separate form must be prepared for each single item and with an initial value of \$250.00 or more, whether owned, borrowed, leased, or obtained in any other way that places the item under the control of the department. When maintaining county inventories of fixed assets, the officers listed below have the responsibilities indicated:)

The Receiving Officer:

1. Identifies any items with an initial value of \$250.00 or more.
2. Determines the identification number for the identification system.
3. Marks each item with its proper identification number.
4. Prepares two copies of Form No. 1-9005, *Fixed Asset Record - Property and Equipment or Form No. 3511, Record of Tools, Apparatus, Machinery and Equipment*.
5. Forwards one copy of whichever form is used to the inventory officer and one to the County Clerk.

Condition: Some inventory items listed with a County identification number could not be verified to the inventory in the Sheriff's office or the Election Board. The County identification number system was not in place in these offices of the Sheriff or the Election Board. In lieu of the identification number, some items were verified by serial number when the serial number was available on the inventory list received from the County Clerk's office.

**WOODS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2003**

Recommendation: We recommend the Woods County Sheriff and Election Board implement policies and procedures to comply with the Purchasing Handbook for Oklahoma Counties to ensure all County owned and leased property is properly marked with a County identification number.

Management Response: The County Clerk has instituted policies and procedures whereby each officer will conduct a physical inventory count at year-end and reconcile the physical count to the year-end summary.

**Statistical Data
(Unaudited)**

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

TAXPAYER	JANUARY 1, 2002 NET ASSESSED ASSESSED VALUE	% OF TOTAL NET VALUATION
PamGas Storage Co.	\$ 4,868,621	7.04%
Panhandle Eastern Pipeline Co.	3,702,237	5.35%
Western Gas Resources-Westana	3,018,703	4.37%
Burlington Northern & SF RR	2,921,640	4.22%
Value Added Products Inc.	1,818,101	2.63%
Southern Bell Telephone	1,513,775	2.19%
Oklahoma Gas & Electric	1,299,215	1.88%
Williams Gas Pipeline	1,196,472	1.73%
Pronance Energy LLC	1,125,088	1.63%
Duke Energy Field Services	1,055,395	1.53%
Total	<u>\$ 22,519,247</u>	<u>32.57%</u>

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

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

Total net assessed value as of January 1, 2002		<u>\$ 69,135,190</u>
Debt limit - 5% of total assessed value		\$ 3,456,760
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 3,456,760</u>

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

	2003
Estimated population	9,089
Net assessed value as of January 1, 2002	\$ 69,135,190
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	\$ -

**WOODS COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2003
(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>
1/1/02	\$23,408,121	\$13,922,229	\$34,200,500	\$2,395,660	\$69,135,190	\$532,560,293