

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

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$103.95. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

November 19, 2003

TO THE CITIZENS OF  
ATOKA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Atoka 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. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

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

---

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION (Unaudited)**

Report to the Citizens of Atoka County .....	iii
County Officials and Responsibilities .....	iv
Ad Valorem Tax Distribution.....	ix

**FINANCIAL SECTION**

Report of State Auditor and Inspector.....	1
Special-Purpose Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds.....	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - County Health Department .....	7
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Sinking Fund .....	8
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts .....	9
Notes to the Financial Statements.....	10

**SUPPLEMENTARY SCHEDULE**

Schedule of Expenditures of Federal Awards .....	19
Notes to the Schedule of Expenditures of Federal Awards.....	20

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

---

COMPLIANCE/INTERNAL CONTROL SECTION

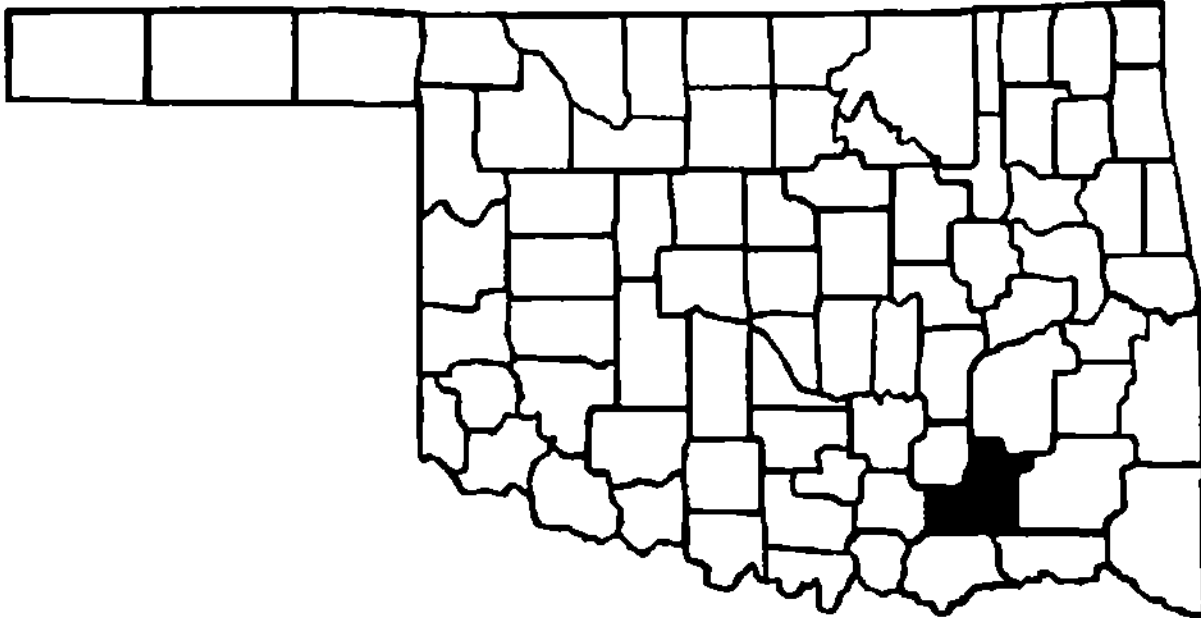
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	21
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	23
Schedule of Findings and Questioned Costs .....	25

STATISTICAL DATA (Unaudited)

Top Ten Taxpayers.....	28
Computation of Legal Debt Margin .....	29
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	30
Assessed Value of Property .....	31

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

---



Settled in the mid-1800's, this county was first called Shappaway, with the county seat located at the Choctaw Court grounds on the banks of the Muddy Boggy River. The name was later changed to Atoka in honor of Captain Atoka, a noted Choctaw who led a band of his people to this area during the removal. Atoka, the county seat, was a stop on the Butterfield Overland Stage Road, the route followed when mail service began between Missouri and San Francisco in 1857. Boggy Depot, located in the western part of the county, served as an important trading post during early years and is now historic Boggy Depot State Park.

Well known for its hunting and fishing, half its area is forested and contains several mountain streams and man-made lakes. It is the site of Oklahoma's largest rock quarry, which is located at Stringtown.

The county claims many firsts, including Oklahoma's first Masonic Lodge, first chapter of Eastern Star, and first Catholic Church in Indian Territory. Country entertainer Reba McEntire is from this county. *Tales of Atoka County Heritage* and Atoka County Museum offer more information. The Chamber of Commerce serves as a tourist center, and the Confederate Memorial Museum and Cemetery is also an information and rest area, located on HWY 69 north of Atoka. For more information, call the Chamber of Commerce at 580-889-2410.

County Seat – Atoka

Area – 978.4 Square Miles

County Population – 13,379  
(1999 est.)

Farms – 1,087

Land in Farms – 420,851 Acres

Source: Oklahoma Almanac 2001-2002  
See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

---

**COUNTY ASSESSOR**

Nancy Hill  
(D) Lane

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**

Troy Gammon  
(D) Atoka

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.

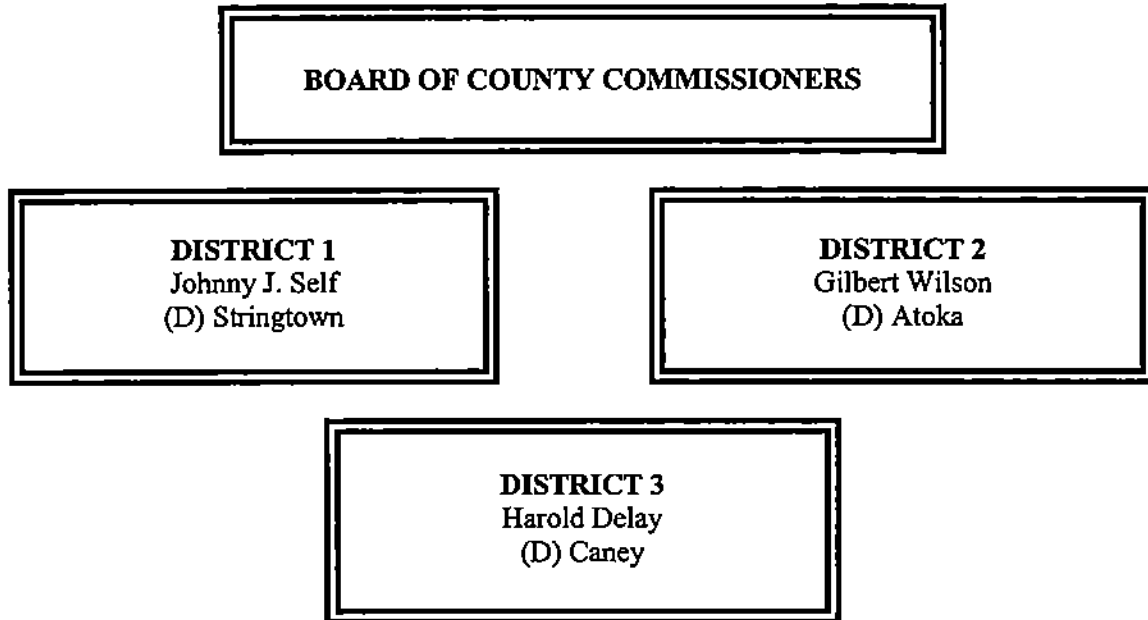
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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**  
Gary McCool  
(D) Atoka

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**  
Richard Lillard  
(D) Atoka

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**  
Helen Koger  
(D) Atoka

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**  
James Thornley  
(D) Atoka

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**

Kathie Jones  
(D) Atoka

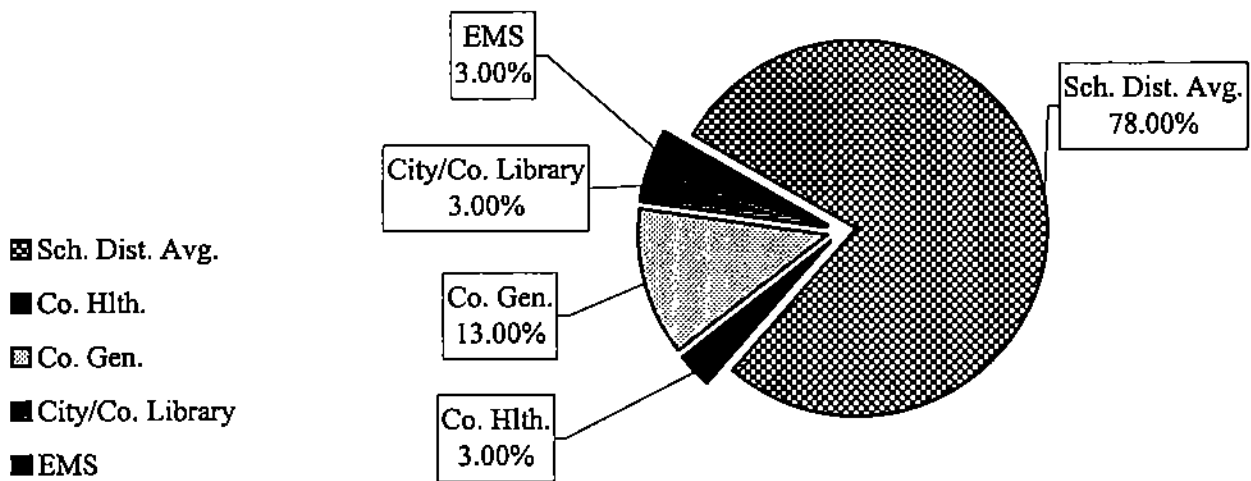
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**AD VALOREM TAX DISTRIBUTION  
ATOKA 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							
						Vo-Tech			
		Gen.	Bldg.	Skg.	Vo-Tech	Bldg	Common	Total	
Co. General	10.00								
County Health	2.00								
EMS	2.00								
City/Co. Library	2.00								
		Stringtown	I-7	35.00	5.00	10.00	2.00	4.00	56.00
		Atoka	I-15	35.00	5.00	10.00	2.00	4.00	56.00
		Tushka	I-19	35.00	5.00	10.00	2.00	4.00	56.00
		Harmony	D-21	35.00	5.00	10.00	2.00	4.00	56.00
		Lane	D-22	35.00	5.00	10.00	2.00	4.00	56.00
		Farris	D-23	35.00	5.00	10.00	2.00	4.00	56.00
		Caney	I-26	35.00	5.00	8.83	2.00	4.00	64.83
		Coalgate	JT-11	35.00	5.00	10.24	2.00	4.00	66.24
		Olney	JT-4	35.00	5.00	10.00	2.00	4.00	56.00
		Caddo	JT-5	35.00	5.00	10.00	2.00	4.00	56.00
		Clayton	JT-10	35.00	5.00	10.00	2.00	4.00	56.00
		Kiowa	JT-14	35.00	5.00	10.00	2.00	4.00	56.00
		Rock Creek	JT-23	35.00	5.00	10.00	2.00	4.00	56.00
		Coleman	JT-35	35.00	5.00	5.72	2.00	4.00	61.72
		Wapanucka	JT-37	35.00	5.00	8.58	2.00	4.00	64.58
		Pittsburg	JT-63	35.00	5.00	8.87	2.00	4.00	64.87

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  
ATOKA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Atoka 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 Atoka 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 Atoka 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 Atoka 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 Atoka 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 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2003, on our consideration of Atoka 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.

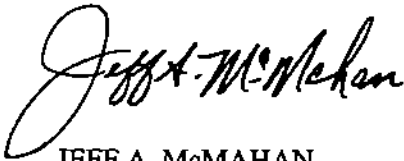
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Atoka County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements 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, federal awarding agencies, and pass-through entities 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 cursive script that reads "Jeff A. McMahon". The signature is written in black ink and is positioned to the left of the printed name and title.

JEFF A. McMAHAN  
State Auditor and Inspector

October 1, 2003

**Special-Purpose Financial Statements**

**ATOKA 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	Ending Cash Balances June 30, 2002
County General Fund	\$ 286,701	\$ 914,020	\$ 882,349	\$ 318,372
Highway	904,530	2,394,190	2,575,256	723,464
County Health	62,955	96,368	90,727	68,596
911 Account	23,259	41,659	48,267	16,651
Resale Property	20,751	34,934	39,422	16,263
Hazard Mitigation Grant	180			180
County Sinking Fund	30,187	991	18,346	12,832
Individual Redemption	3,196	39,641	39,318	3,519
Schools	51,598	2,329,407	2,319,674	61,331
Cities and Towns	6,144	96,757	96,417	6,484
County Library	1,648	79,815	79,162	2,301
Law Library	1,497	14,520	13,571	2,446
Mortgage Tax Fees		35	35	
Tax Refund		2,910	2,910	
Stray Cattle Fund	416	534	354	596
Emergency Authority	1,648	79,816	80,552	912
Official Depository	108,638	1,946,725	1,772,402	282,961
<b>Total County Funds</b>	<b>\$ 1,503,348</b>	<b>\$ 8,072,322</b>	<b>\$ 8,058,762</b>	<b>\$ 1,516,908</b>

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



**ATOKA 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 Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 286,701	\$ 286,701	\$ 286,701	\$ -
Less: Prior Year Outstanding Warrants	(59,727)	(59,727)	(59,727)	
Less: Prior Year Encumbrances	(18,330)	(18,330)	(18,330)	
Beginning Cash Balances, Budgetary Basis	<u>208,644</u>	<u>208,644</u>	<u>208,644</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	362,013	362,013	397,926	35,913
Charges for Services	55,290	77,875	80,573	2,698
Intergovernmental Revenues	141,535	258,018	272,054	14,036
Miscellaneous Revenues	24,054	94,105	163,467	69,362
Total Receipts, Budgetary Basis	<u>582,892</u>	<u>792,011</u>	<u>914,020</u>	<u>122,009</u>
Expenditures:				
District Attorney	23,589	23,589	17,315	6,274
Total District Attorney	<u>23,589</u>	<u>23,589</u>	<u>17,315</u>	<u>6,274</u>
County Sheriff	135,657	278,190	254,608	23,582
Capital Outlay	5,000	5,000	4,996	4
Total County Sheriff	<u>140,657</u>	<u>283,190</u>	<u>259,604</u>	<u>23,586</u>
County Treasurer	66,758	70,015	54,709	15,306
Capital Outlay	500	500		500
Total County Treasurer	<u>67,258</u>	<u>70,515</u>	<u>54,709</u>	<u>15,806</u>
OSU Extension	12,000	12,800	12,299	501
Total OSU Extension	<u>12,000</u>	<u>12,800</u>	<u>12,299</u>	<u>501</u>
County Clerk	86,343	108,971	81,028	27,943
Capital Outlay	500	500		500
Total County Clerk	<u>86,843</u>	<u>109,471</u>	<u>81,028</u>	<u>28,443</u>

continued on next page

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

**ATOKA 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
Court Clerk	46,955	51,311	51,164	147
Capital Outlay	4,400			
Total Court Clerk	<u>51,355</u>	<u>51,311</u>	<u>51,164</u>	<u>147</u>
County Assessor	53,252	54,722	49,851	4,871
Capital Outlay	500	500		500
Total County Assessor	<u>53,752</u>	<u>55,222</u>	<u>49,851</u>	<u>5,371</u>
Revaluation of Real Property	60,237	64,237	63,260	977
Capital Outlay	4,000			
Total Revaluation of Real Property	<u>64,237</u>	<u>64,237</u>	<u>63,260</u>	<u>977</u>
General Government	84,819	80,681	80,599	82
Capital Outlay	11,000	11,000		11,000
Total General Government	<u>95,819</u>	<u>91,681</u>	<u>80,599</u>	<u>11,082</u>
Excise-Equalization Board	10,094	9,085	8,722	363
Total Excise-Equalization Board	<u>10,094</u>	<u>9,085</u>	<u>8,722</u>	<u>363</u>
County Election Board	36,927	37,549	35,550	1,999
Total County Election Board	<u>36,927</u>	<u>37,549</u>	<u>35,550</u>	<u>1,999</u>
Insurance	124,278	122,326	112,104	10,222
Total Insurance	<u>124,278</u>	<u>122,326</u>	<u>112,104</u>	<u>10,222</u>
Fair Barn				
Capital Outlay		1,000	1,000	
Total Fair Barn	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Community Service	1,992	3,182	3,180	2
Total Community Service	<u>1,992</u>	<u>3,182</u>	<u>3,180</u>	<u>2</u>
OLETS	7,927	15,127	5,400	9,727
Total OLETS	<u>7,927</u>	<u>15,127</u>	<u>5,400</u>	<u>9,727</u>
Home Program Grant				
Capital Outlay		19,250	19,250	
Total Home Program Grant	<u>-</u>	<u>19,250</u>	<u>19,250</u>	<u>-</u>
Canine Fund	484	484	403	81
Total Canine Fund	<u>484</u>	<u>484</u>	<u>403</u>	<u>81</u>

continued on next page

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

**ATOKA 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
Sheriff Cops Grant	7,357	19,281	19,112	169
Total Sheriff Cops Grant	<u>7,357</u>	<u>19,281</u>	<u>19,112</u>	<u>169</u>
Bentley Community Center Grant				
Capital Outlay	530	530	530	
Total Bentley Community Center Grant	<u>530</u>	<u>530</u>	<u>530</u>	<u>-</u>
Bentley Fire Department				
Capital Outlay		1,888		1,888
Total Bentley Fire Department	<u>-</u>	<u>1,888</u>	<u>-</u>	<u>1,888</u>
County Audit Budget	5,483	5,483		5,483
Total County Audit Budget	<u>5,483</u>	<u>5,483</u>	<u>-</u>	<u>5,483</u>
Wardville Community Center Grant				
Capital Outlay		2,500		2,500
Total Wardville Community Center Grant	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Lane Community Center Grant				
Capital Outlay	954	954	954	
Total Lane Community Center Grant	<u>954</u>	<u>954</u>	<u>954</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>791,536</u>	<u>1,000,655</u>	<u>876,034</u>	<u>124,621</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	246,630	<u>\$ 246,630</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			37,139	
Add: Current Year Outstanding Warrants			<u>34,603</u>	
Ending Cash Balance			<u>\$ 318,372</u>	

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

**ATOKA 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	\$ 62,954	\$ 62,954	\$ 62,955	\$ 1
Less: Prior Year Outstanding Warrants	(1,168)	(1,168)	(1,168)	
Less: Prior Year Encumbrances	(2,092)	(2,092)	(2,092)	
Beginning Cash Balances, Budgetary Basis	<u>59,694</u>	<u>59,694</u>	<u>59,695</u>	<u>1</u>
Receipts:				
Ad Valorem Taxes	72,403	72,403	79,815	7,412
Miscellaneous Revenues		15,735	16,553	818
Total Receipts, Budgetary Basis	<u>72,403</u>	<u>88,138</u>	<u>96,368</u>	<u>8,230</u>
Expenditures:				
Health and Welfare	121,000	132,832	84,577	48,255
Capital Outlay	11,097	15,000	5,204	9,796
Total Expenditures, Budgetary Basis	<u>132,097</u>	<u>147,832</u>	<u>89,781</u>	<u>58,051</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	66,282	<u>\$ 66,282</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			1,570	
Add: Current Year Outstanding Warrants			<u>744</u>	
Ending Cash Balance			<u>\$ 68,596</u>	

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

**ATOKA COUNTY, OKLAHOMA  
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

---

Beginning Cash Balance	\$ 30,187
Receipts:	
Ad Valorem Tax	991
Total Receipts	<u>991</u>
Disbursements:	
County Judgments	18,346
Total Disbursements	<u>18,346</u>
Ending Cash Balance	<u>\$ 12,832</u>

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

**ATOKA 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
County Clerk 1	\$	\$ 93,345	\$ 93,345	\$	\$
County Clerk 2	258	2			260
County Clerk 3	5,394	2,679	2,108		5,965
Court Clerk	32,168	555,331	425,218	40	162,321
Court Clerk Revolving	458	4,793	656	130	4,725
Court Fund	18,451	277,537	254,564	204	41,628
Court Fund Encumbrances	20,000		20,000		
County Treasurer Special	34	775,647	775,647	6	40
County Treasurer Motor Vehicle Stamps	508	6,129	6,276		361
County Treasurer Mobile Home Tax	5,501	12,525	12,026		6,000
County Treasurer Farm Implement					
County Election Board	100	15,326	15,963	564	27
District Attorney Restitution	5,914				5,914
District Attorney Fee Account	48				48
District Attorney Seizure Account	2,455	15,306	826		16,935
District Attorney State Witness Fee Acct	937	296	1,040	44	237
District Attorney Witness Restitution	13,287	9,285	7,208		15,364
District Attorney CAMA Account	3,125	28,777	8,766		23,136
District Attorney Control Substance		19,320	19,320		
Health Department		129,601	129,621	20	
Sheriff Department		826	826		
<b>Total Official Depository Accounts</b>	<b>\$ 108,638</b>	<b>\$ 1,946,725</b>	<b>\$ 1,773,410</b>	<b>\$ 1,008</b>	<b>\$ 282,961</b>

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

B. Fund Accounting

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

C. Basis of Accounting

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

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund 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 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	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insured	
- Vehicle	Group. (See ACCO-SIG.)	

**ATOKA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**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 participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&W.)	If claims exceed authorized deductibles, the County would have surcharges assessed to pay the excess claims.

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.

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. The pool has assessed additional premiums to be paid by its members in the current fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Employees receive 10 days of annual leave per year and may accumulate up to 20 days. Employees also earn 12 days of sick leave per year and may accumulate up to 30 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 Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$1,516,908 and the bank balance was \$1,553,579. 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

B. Description of Funds

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

Highway - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

**ATOKA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

---

Detailed Notes on Account Balances (continued)

911 Account – accounts for monies received from the telephone company for the operations of the emergency 911 service.

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

Hazard Mitigation Grant – accounts for grant funds received from the Federal Emergency Management Agency. Disbursements are made to individuals for safe room projects.

County Sinking Fund - accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

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

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

Cities and Towns - accounts for monies collected on behalf of the cities and towns in Atoka County from ad valorem taxes, state and local revenues, and remitted to them monthly.

County Library - accounts for monies collected on behalf of the library from ad valorem taxes and remitted to them monthly.

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

Mortgage Tax Fees - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements of the funds as restricted by statute.

Tax Refund – Tax monies that are to be refunded to the taxpayer.

Stray Cattle Fund – accounts for monies collected from the sale of stray livestock and disbursements of funds restricted by state statutes.

Emergency Authority – accounts for monies collected on behalf of the emergency authority from ad valorem taxes and remitted to them monthly.

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

**ATOKA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

Detailed Notes on Account Balances (continued)

Additionally, the following official depository accounts are described below:

County Clerk 1, 2, and 3 – accounts for the collection of filing fees and copy fees. Disbursements are made to the Oklahoma Tax Commission and general fund.

Court Clerk – accounts for the collection of bond money, court fines, and fees. Money is disbursed for fees and restitution.

Court Clerk Revolving – accounts for a charge of \$5.00 for each warrant. Money is disbursed for fees and restitution.

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

Court Fund Encumbrances – account is for new computer systems.

County Treasurer Special – accounts for the overpayments of ad valorem taxes and tax payments made under protest. Disbursements are for the purpose of refunding overpayment of taxes.

County Treasurer Motor Vehicle Stamps – accounts for the collection of motor vehicle stamps.

County Treasurer Mobile Home Tax – accounts for the collection of pre-paid mobile home taxes.

County Treasurer Farm Implement – accounts for the collection of farm implement stamps.

County Election Board – accounts for reimbursement of elections and is disbursed for refunds of election fees and maintenance and operation of the office.

District Attorney Restitution – accounts for collections received by court orders to reimburse victims.

District Attorney Fee Account – accounts for the collection of District Attorney fees transferred from the Merchant account and disbursements of funds restricted by state statute.

District Attorney Seizure Account – accounts for collections from fines, fees, and forfeitures and disbursements of funds restricted by court orders and state statutes.

District Attorney State Witness Fee – accounts for collections received from the state to reimburse the County for witness expenses.

District Attorney Witness Restitution – accounts for collections received by court orders to reimburse victims.

Detailed Notes on Account Balances (continued)

District Attorney CAMA Account - account for federal funds to operate child abuse multi task force.

District Attorney Control Substance - accounts for collections from fines, fees, and forfeitures and disbursements of funds restricted by court orders and state statutes.

Health Department - accounts for the collection of state funds and charges for services. Money is disbursed on a monthly basis to be transferred to the county health department cash account.

Sheriff Department - accounts for all collection of foreign service fees and bonds. Monies are vouchered out at the end of the month to the sheriff service fee account and Court Clerk.

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 \$39,821,379.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.00 mills for the county health department, 2.00 mills for the multi-county library, and 2.00 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 96.7 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

**ATOKA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

---

Detailed Notes on Account Balances (continued)

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. Judgment**

The County paid all existing judgments during the previous fiscal year. The amount reflected as disbursements from the County Sinking Fund on the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds, were expenditures for the prior fiscal year including a \$27.00 adjustment for interest.

**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.

**ATOKA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

Contingent Liabilities (continued)

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.



**Schedule of Expenditures of Federal Awards**

**ATOKA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed Through State Department of Commerce:			
Community Development Block Grant	14.228	8951-99	\$ 19,250
Total U.S. Department of Housing and Urban Development			<u>19,250</u>
<b><u>U.S. DEPARTMENT OF INTERIOR</u></b>			
Passed Through State Department of Indian Affairs:			
BIA-Forrest Hill	20.205	GOO-187	30,000
BIA-Chief Puchamataha	20.205	GOO-1207	16,000
BIA-Caney SE/Mt Carmel	20.205	GOO-3030	30,000
Direct Grant:			
Payment in Lieu of Taxes	15.226		70,678
Total U.S. Department of Interior			<u>146,678</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Passed Through Oklahoma State Treasurer:			
Flood Control	12.112		5,069
Total U.S. Department of Defense			<u>5,069</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Passed Through District Attorneys Council:			
Stop Violence Against Women	16.588	VOO-252	18,038
Direct Grant:			
Community Oriented Policing Services	16.710		8,755
Total U.S. Department of Justice			<u>26,793</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	DR-1355	110,595
Total Federal Emergency Management Agency			<u>110,595</u>
Total Expenditures of Federal Awards			<u>\$ 308,385</u>

**ATOKA COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

---

**Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of Atoka County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**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  
ATOKA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Atoka County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 1, 2003. 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 Atoka 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Atoka County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2002-1, 2002-2, and 2002-3.

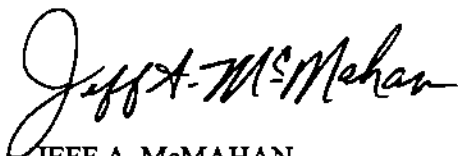
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 items 2002-1, 2002-2, and 2002-3 to be material weaknesses.

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, federal awarding agencies, and pass-through entities 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

October 1, 2003

**Report on Compliance With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in Accordance With  
OMB Circular A-133**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Report on Compliance With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in Accordance With  
OMB Circular A-133**

TO THE OFFICERS OF  
ATOKA COUNTY, OKLAHOMA

We have audited the compliance of Atoka County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Atoka County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Atoka County's management. Our responsibility is to express an opinion on Atoka County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Atoka County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Atoka County's compliance with those requirements.

In our opinion, Atoka County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Atoka County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Atoka County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



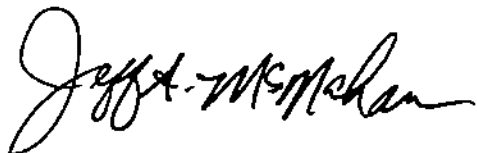
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, federal awarding agencies, and pass-through entities 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, appearing to read "Jeff A. McMahhan". The signature is fluid and cursive, with the first name "Jeff" being particularly prominent.

JEFF A. McMAHAN  
State Auditor and Inspector

October 1, 2003

**Schedule of Findings and Questioned Costs**

**ATOKA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

---

**SECTION 1 - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting: Unqualified

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Public Assistance Grants
15.226	Payments In Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**ATOKA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

---

**SECTION 2 - Financial Statement Findings**

**Finding 2002-1 – General Fixed Assets**

**Criteria:** An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation. Further, Title 19 O.S. 2001, § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to be each complete working unit thereof is more than Two Hundred Fifty Dollars (\$250.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...".

**Condition:** The County does not perform a biennial verification of the fixed assets inventory.

**Recommendation:** We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

**Management's Response:** All officers are currently updating inventory records and will complete the form #3512.

**ATOKA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

---

**Finding 2002-2 - Segregation of Duties**

**Criteria:** Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation is an important element of effective internal control over public assets and resources. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

**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.

**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 desired from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of County operations and the periodic review of operations.

**Management's Response:** We concur with the auditors' findings. Management does have knowledge of County operations and will perform a periodic review of these operations.

**Finding 2002-3 – Timesheets and Compensatory Time Off**

**Criteria:** Effective internal controls require that timesheets be prepared, reviewed for accuracy, and filed with the payroll department prior to payroll checks being issued. The County's Personnel Policy Handbook and the Fair Labor Standards Act requires that employers keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

**Condition:** County employees do not prepare timesheets and/or records which reflect accumulated leave balances, are signed and approved by the Officer, and are filed with the County Clerk at the end of each month as required by the County's Personnel Policy Handbook.

**Recommendation:** We recommend that all employees prepare timesheets with information of time worked, any leave taken during the month, overtime worked, and accumulated leave balances, in order to comply with the County's Personnel Policy Handbook and the Fair Labor Standards. Also, the officer should sign and approve each timesheet and file in the County Clerk's Office.

**Management's Response:** We concur with the auditors' findings. We have implemented procedures for the accurate accountability of employee leave balances and compensatory time.

**SECTION 3 – Federal Award Findings and Questioned Costs**

No matters were reported.

**Statistical Data  
(Unaudited)**

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

TAXPAYER	JANUARY 1, 2001 NET ASSESSED VALUATION	% OF TOTAL NET VALUATION
1 Southwestern Bell	\$ 2,549,936	6.40%
2 Transok	2,369,686	5.95%
3 Natural Gas Pipeline Company	2,229,422	5.60%
4 PSO	1,586,781	3.98%
5 Oklahoma RSA Inc.	980,823	2.46%
6 Union Pacific Railroad	879,909	2.21%
7 Explorer Pipeline Company	711,865	1.79%
8 All Tel Oklahoma Inc.	711,180	1.79%
9 Wal-Mart	398,159	1.00%
10 Stringtown Material	353,034	0.89%
Total	<u>\$ 12,770,795</u>	<u>32.07%</u>

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

**ATOKA 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>\$ 39,821,379</u>
Debt Limit - 5% of total assessed value		1,991,069
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>12,832</u>	<u>-</u>
Legal Debt Margin		<u>\$ 1,991,069</u>



**ATOKA 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	13,379
Net assessed value	\$ 39,821,379
Gross bonded debt	-
Less available sinking fund cash balance	12,832
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

**ATOKA COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2002  
 (UNAUDITED)**

---



---

Tax Year	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
2001	\$ 4,885,844	\$ 12,537,888	\$ 25,812,488	\$ 3,414,841	\$ 39,821,379	\$ 320,952,906