

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

January 21, 2005

TO THE CITIZENS OF
ATOKA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Atoka County, Oklahoma, for the fiscal year ended June 30, 2004. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

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

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

STATISTICAL SECTION (Unaudited)

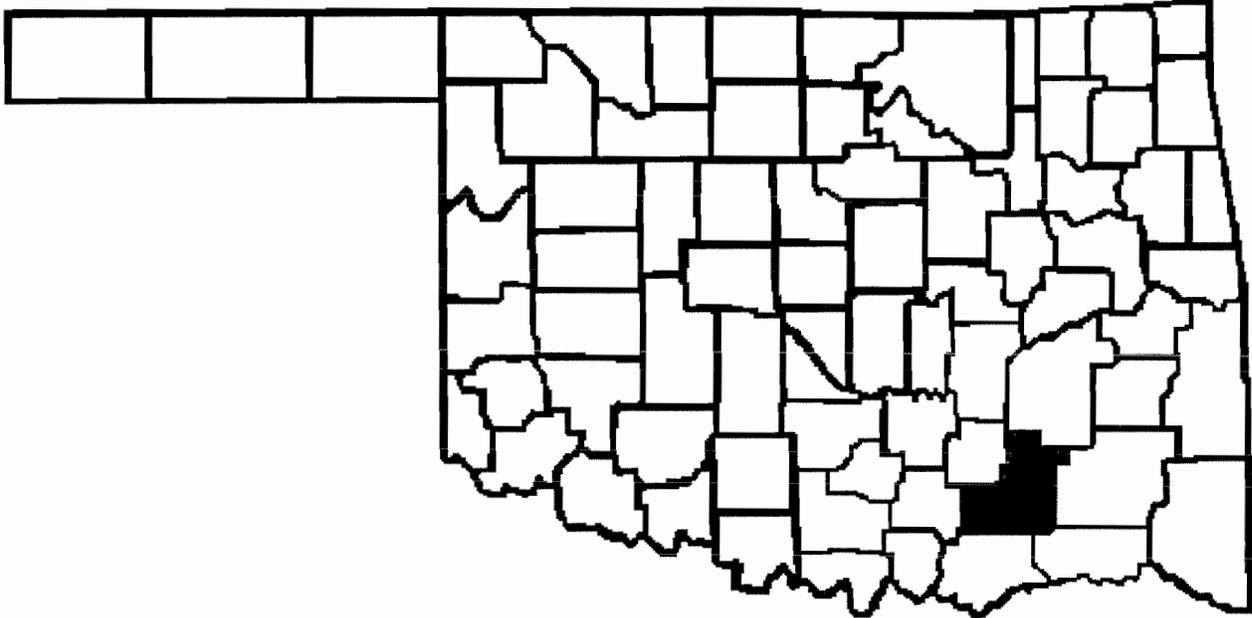
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REPORT TO THE CITIZENS
OF
ATOKA COUNTY, OKLAHOMA



Settled in the mid-1800s, 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 – 13,879 (2000 est.)

Farms – 1,087

Land in Farms - 420,851 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**ATOKA COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR

Nancy Hill
(D) Atoka

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

Raylene Hammond
(D) Lane

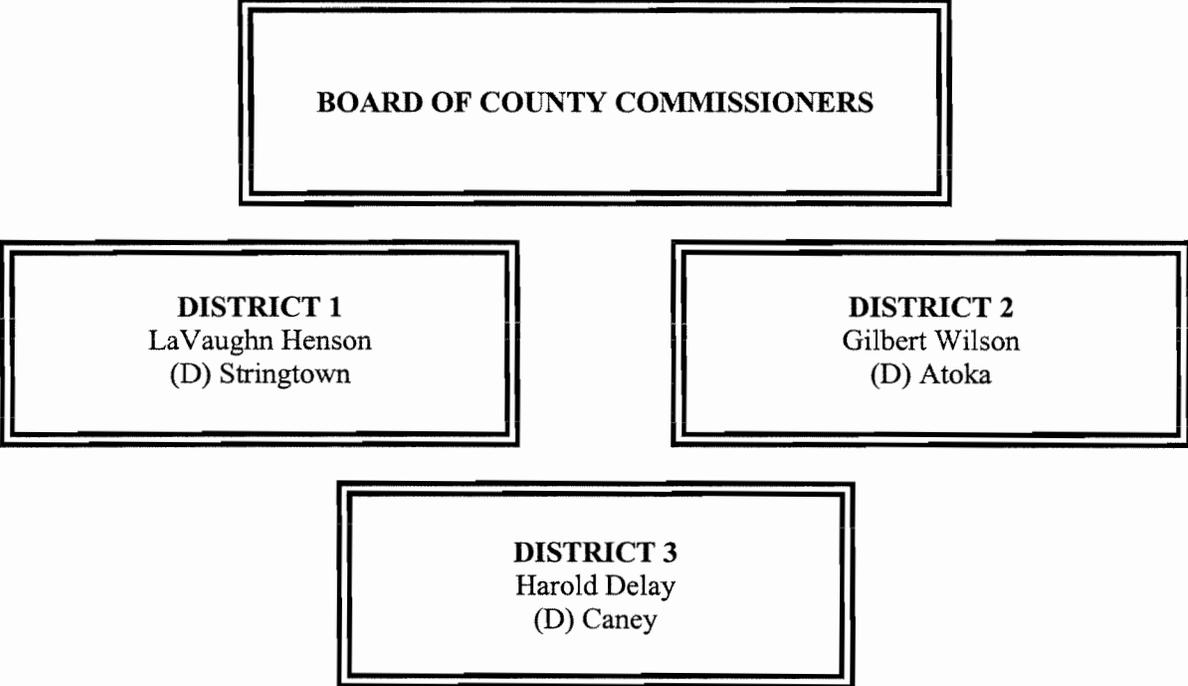
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**ATOKA 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.

**ATOKA COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Gary McCool
(D) Lane

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.

**ATOKA COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Barbara Hunt
(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
Mark Campbell
(D) Durant

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.

**ATOKA COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Kathie Jones
(D) Atoka

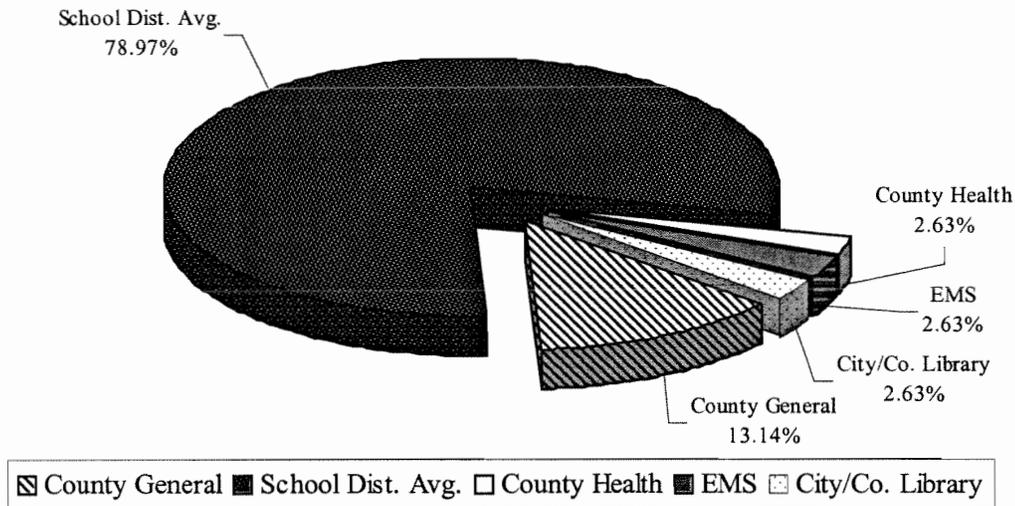
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**ATOKA COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE**

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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Tech Cntr.	Tech Cntr. Bldg.	Common	Total
Co. General	10.00									
County Health	2.00	Stringtown	I-7	35.00	5.00	17.79	10.00	2.00	4.00	73.79
EMS	2.00	Atoka	I-15	35.00	5.00		10.00	2.00	4.00	56.00
City/Co. Library	2.00	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	8.60	10.00	2.00	4.00	64.60
		Rock Creek	JT-2	35.00	5.00		10.00	2.00	4.00	56.00
		Coalgate	JT-11	35.00	5.00	8.77	10.00	2.00	4.00	64.77
		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
		Coleman	JT-35	35.00	5.00	5.50	10.00	2.00	4.00	61.50
		Wapanucka	JT-37	35.00	5.00	8.57	10.00	2.00	4.00	64.57
		Pittsburg	JT-63	35.00	5.00	16.34	10.00	2.00	4.00	72.34

See independent auditor's report.

Financial Section



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

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of 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 the county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2004, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be 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 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 information.

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

September 23, 2004

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2004
County General	\$ 439,581	\$ 1,632,691	\$ 1,341,811	\$ 730,461
County Highway	486,674	2,401,983	2,356,426	532,231
County Health	65,082	91,606	100,562	56,126
Resale Property	22,735	44,474	40,686	26,523
Hazard Mitigation Grant	180			180
County Sinking Fund	611	130,810	128,818	2,603
Individual Redemption	2,222	85,652	78,449	9,425
Schools	34,872	2,601,902	2,598,732	38,042
Hospital	58,797	738,792	734,675	62,914
Cities and Towns	5,632	106,442	104,819	7,255
County Library	1,126	86,368	86,322	1,172
Law Library	2,333	16,959	17,126	2,166
Tax Refund		1,863	1,863	
Stray Cattle Fund	596			596
Emergency Authority	1,126	86,366	86,320	1,172
Rural Fire Department	450	15	450	15
Official Depository	280,133	1,301,844	1,369,905	212,072
Total County Funds	\$ 1,402,150	\$ 9,327,767	\$ 9,046,964	\$ 1,682,953

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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 439,581	\$ 439,581	\$ 439,581	\$ -
Less: Prior Year Outstanding Warrants	(60,402)	(60,402)	(60,402)	
Less: Prior Year Encumbrances	(7,468)	(7,468)	(7,466)	2
Beginning Cash Balances, Budgetary Basis	<u>371,711</u>	<u>371,711</u>	<u>371,713</u>	<u>2</u>
Receipts:				
Ad Valorem Taxes	386,479	386,479	431,077	44,598
Sales Tax		369,496	369,496	
Charges for Services	70,277	102,297	118,494	16,197
Intergovernmental Revenues	124,533	442,953	488,687	45,734
Miscellaneous Revenues	28,349	191,676	224,937	33,261
Total Receipts, Budgetary Basis	<u>609,638</u>	<u>1,492,901</u>	<u>1,632,691</u>	<u>139,790</u>
Expenditures:				
District Attorney	9,788	15,776	15,060	716
Total District Attorney	<u>9,788</u>	<u>15,776</u>	<u>15,060</u>	<u>716</u>
County Sheriff	168,473	268,626	250,184	18,442
Capital Outlay	5,000	10,475	10,475	
Total County Sheriff	<u>173,473</u>	<u>279,101</u>	<u>260,659</u>	<u>18,442</u>
County Treasurer	74,983	68,781	57,526	11,255
Capital Outlay	500	500	230	270
Total County Treasurer	<u>75,483</u>	<u>69,281</u>	<u>57,756</u>	<u>11,525</u>
OSU Extension	13,500	12,976	12,726	250
Total OSU Extension	<u>13,500</u>	<u>12,976</u>	<u>12,726</u>	<u>250</u>
County Clerk	146,315	173,064	113,462	59,602
Total County Clerk	<u>146,315</u>	<u>173,064</u>	<u>113,462</u>	<u>59,602</u>
Court Clerk	48,755	53,155	53,119	36
Capital Outlay	4,400			
Total Court Clerk	<u>53,155</u>	<u>53,155</u>	<u>53,119</u>	<u>36</u>

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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, 2004

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	52,577	53,304	50,952	2,352
Capital Outlay	500	3,872	3,872	
Total County Assessor	<u>53,077</u>	<u>57,176</u>	<u>54,824</u>	<u>2,352</u>
Revaluation of Real Property	62,637	62,637	61,753	884
Capital Outlay	4,000	128		128
Total Revaluation of Real Property	<u>66,637</u>	<u>62,765</u>	<u>61,753</u>	<u>1,012</u>
General Government	84,388	89,940	89,708	232
Capital Outlay	11,500			
Total General Government	<u>95,888</u>	<u>89,940</u>	<u>89,708</u>	<u>232</u>
Excise-Equalization Board	10,717	10,201	10,201	
Total Excise-Equalization Board	<u>10,717</u>	<u>10,201</u>	<u>10,201</u>	<u>-</u>
County Election Board	42,555	36,985	36,915	70
Total County Election Board	<u>42,555</u>	<u>36,985</u>	<u>36,915</u>	<u>70</u>
Insurance	128,771	171,407	171,232	175
Total Insurance	<u>128,771</u>	<u>171,407</u>	<u>171,232</u>	<u>175</u>
Fair Barn		20,000		20,000
Total Fair Barn	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Community Service	337	337	337	
Total Community Service	<u>337</u>	<u>337</u>	<u>337</u>	<u>-</u>
OLETS	9,526	14,364	5,125	9,239
Total OLETS	<u>9,526</u>	<u>14,364</u>	<u>5,125</u>	<u>9,239</u>
Atoka Emergency Management		2,400	2,160	240
Total Atoka Emergency Management	<u>-</u>	<u>2,400</u>	<u>2,160</u>	<u>240</u>
EMPG Grant		5,641	5,641	
Total EMPG Grant	<u>-</u>	<u>5,641</u>	<u>5,641</u>	<u>-</u>
911	8,963	52,790	39,080	13,710
Total 911	<u>8,963</u>	<u>52,790</u>	<u>39,080</u>	<u>13,710</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, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Bentley Fire Department	-	3,209	3,209	-
Total Bentley Fire Department	-	3,209	3,209	-
Daisy Fire Department				
Capital Outlay	-	10,900	10,900	-
Total Daisy Fire Department	-	10,900	10,900	-
Sheriff Grants	-	28,283	26,096	2,187
Total Sheriff Grants	-	28,283	26,096	2,187
County Audit Budget Account	3,742	3,742	3,742	-
Total County Audit Budget Account	3,742	3,742	3,742	-
Crystal Fire Department				
Capital Outlay	-	1,495	1,495	-
Total Crystal Fire Department	-	1,495	1,495	-
Lane Fire Department				
Capital Outlay	-	2,498	2,498	-
Total Lane Fire Department	-	2,498	2,498	-
Harmony Senior Citizens				
Capital Outlay	-	3,000	3,000	-
Total Harmony Senior Citizens	-	3,000	3,000	-
Wardville Community Center				
Capital Outlay	2,214	2,214	2,214	-
Total Wardville Community Center	2,214	8,314	8,314	-
LEPC Grant				
Capital Outlay	9,194	14,082	12,587	1,495
Total LEPC Grant	9,194	14,082	12,587	1,495
Ambulance				
Capital Outlay	-	180	180	-
Total Ambulance	-	180	180	-
Atoka County Senior Citizens				
Capital Outlay	-	1,000	996	4
Total Atoka County Senior Citizens	-	1,000	996	4

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, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Bentley Community Center				
Capital Outlay		5,400	5,400	
Total Bentley Community Center	-	5,400	5,400	-
Farris Community Center				
Capital Outlay		4,200	4,000	200
Total Farris Community Center	-	4,200	4,000	200
Home Program Grant		203,440	203,440	
Total Home Program Grant	-	203,440	203,440	-
Jail Sales Tax				
Capital Outlay	78,014	447,510	125,243	322,267
Total Jail Sales Tax	78,014	447,510	125,243	322,267
 Total Expenditures, Budgetary Basis	 981,349	 1,864,612	 1,400,858	 463,754
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 603,546	 \$ 603,546
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			75,663	
Add: Current Year Outstanding Warrants			51,252	
Ending Cash Balance			<u>\$ 730,461</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 FUND
FOR THE YEAR ENDED JUNE 30, 2004

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 65,082	\$ 65,082	\$ 65,082	\$ -
Less: Prior Year Outstanding Warrants	(1,575)	(1,575)	(1,575)	
Less: Prior Year Encumbrances	(18,088)	(18,088)	(18,194)	(106)
Beginning Cash Balances, Budgetary Basis	<u>45,419</u>	<u>45,419</u>	<u>45,313</u>	<u>(106)</u>
Receipts:				
Ad Valorem Taxes	77,296	77,296	86,214	8,918
Miscellaneous Revenues		12,665	5,392	(7,273)
Total Receipts, Budgetary Basis	<u>77,296</u>	<u>89,961</u>	<u>91,606</u>	<u>1,645</u>
Expenditures:				
Health and Welfare	101,000	100,208	82,340	17,868
Capital Outlay	21,715	35,172	1,251	33,921
Total Expenditures, Budgetary Basis	<u>122,715</u>	<u>135,380</u>	<u>83,591</u>	<u>51,789</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	53,328	<u>\$ 53,328</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			1,355	
Add: Current Year Outstanding Warrants			1,443	
Ending Cash Balance			<u>\$ 56,126</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, 2004**

Beginning Cash Balance	<u>\$ 611</u>
Receipts:	
Ad Valorem Tax	130,570
Miscellaneous	<u>240</u>
Total Receipts	<u>130,810</u>
Disbursements:	
County Judgments	107,705
Interest Paid	<u>21,113</u>
Total Disbursements	<u>128,818</u>
Ending Cash Balance	<u><u>\$ 2,603</u></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, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
County Clerk 1	\$	\$ 132,519	\$ 132,519	\$	\$
County Clerk 2	277	2			279
County Clerk 3	5,168	3,150	3,465		4,853
Court Clerk	48,275	521,387	514,560	920	56,022
Court Clerk Revolving	10,387	7,544	1,402	110	16,639
Court Fund	53,507	336,359	328,492	490	61,864
County Treasurer Special	101,124	68,921	170,782	737	
County Treasurer Motor Vehicle Stamps		5,600	5,600		
County Treasurer Mobile Home Tax	6,320	9,883	11,305	113	5,011
County Election Board	70	18,159	17,627	352	954
District Attorney Restitution	5,914				5,914
District Attorney Fee Account	48				48
District Attorney Seizure Account	8,291	17,067	9,443		15,915
District Attorney State Witness Fee Account	119	396		44	559
District Attorney Victim Restitution	18,736	17,791	16,988	780	20,319
District Attorney CAMA Account	21,897	19,196	17,663		23,430
Health Department		10,148	10,148		
Sheriff Department		126,469	128,474	2,005	
District Attorney Jail Fee		265			265
District Attorney Controlled Substance		6,988	6,988		
Total Official Depository Accounts	<u>\$ 280,133</u>	<u>\$ 1,301,844</u>	<u>\$ 1,375,456</u>	<u>\$ 5,551</u>	<u>\$ 212,072</u>

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of 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 Comparative Statements of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in 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, 2004.

F. Risk Management

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

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members 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 chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

G. Compensated Absences

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 Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$1,682,953 and the bank balance was \$1,825,650. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and § 348.3 allow the following types of investments:

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

B. Description of Funds

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

County 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.

Detailed Notes on Funds and Account Balances (continued)

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

Hazard Mitigation Grant - accounts for grants 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.

Hospital – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

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.

Tax Refund – accounts for reimbursements to taxpayers for overpayment of taxes.

Stray Cattle Fund – accounts for the 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.

Rural Fire Department – accounts for state grant funds to be used for rural fire department.

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

Detailed Notes on Funds and Account Balances (continued)

The following narrative details the official depository accounts.

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

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

County Clerk 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 in the same manner as court fund.

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.

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 mobile home taxes.

County Election Board – accounts for reimbursement of elections and is disbursed for refunds or 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 disbursement 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 Account – accounts for collections received from the state to reimburse the County for witness expenses.

Detailed Notes on Funds and Account Balances (continued)

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

District Attorney CAMA Account – accounts for federal funds to operate child abuse multi task force.

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 collections of foreign service fees and cash bond monies. Monies are disbursed at the end of the month and deposited in the assessor's revolving fund.

District Attorney Jail Fee – accounts for boarding fees charged to inmates.

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

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2003, was approximately \$42,512,725.

The County levied 10.00 mills (the legal maximum) for the 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.

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

Detailed Notes on Funds and Account Balances (continued)

Current year tax collections for the year ended June 30, 2004, were approximately 96.71 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% on all subsequent pieces of machinery acquired.

F. Judgments

The County has judgments which are being retired by a tax levy. The County is obligated to pay the judgments over a three-year period. The judgments are on cases evolving prior to current insurance coverage.

<u>Case Number</u>	<u>Original Judgment</u>
CJ-01-159	\$ 10,060.01
CJ-01-67	\$ 30,611.62
CJ-01-67	\$ 13,603.40
CJ-02-217	\$ 268,838.55

Future principal and interest payments that will become due on the existing judgments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$107,705	\$ 9,886	\$117,591
2006	89,613	4,490	94,103
Total	<u>\$197,318</u>	<u>\$14,376</u>	<u>\$211,694</u>

Detailed Notes on Funds and Account Balances (continued)

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

The voters of Atoka County passed a ½ cent sales tax on August 27, 2002. All proceeds of the sales tax is designated for the purpose of building and maintaining a new jail for Atoka County. The sales tax is to be collected for a period of five years.

Internal Control\Compliance Section



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
ATOKA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Atoka County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 23, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2004-1, 2004-2, 2004-3, 2004-4, and 2004-5.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2004-1 and 2004-5 to be material weaknesses.

Compliance and Other Matters

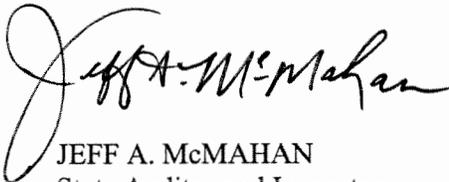
As part of obtaining reasonable assurance about whether Atoka County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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

This report is intended solely for the information and use of the management of the County, 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

September 23, 2004

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

Finding 2004-1 - Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

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

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

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

Finding 2004-2 - Timesheets and Accumulated Leave Balances (Repeat Finding)

Criteria: Effective internal controls include all county officers and employees following the most up-to-date policy and procedures manual approved by the Board of County Commissioners. The County Personnel Policy Handbook requires each elected official to submit records of employee leave balances to the County Clerk on a monthly basis. The Fair Labor Standards Act requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

Condition: The County Treasurer and the County Sheriff do not require employees to prepare timesheets and/or records which reflect accumulated leave balances, are signed and approved by the Officer, and filed with the County Clerk at the end of each month.

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 Fair Labor Standards Act. The officers and employees should follow the most currently adopted Policy and Procedures Manual.

Management's Response: We concur with the auditor's findings. We have started the process of implementing procedures for the accountability of employee time records.

Finding 2004-3 - Written Disaster Recovery Plan (Repeat Finding)

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery & Support 4.3), management should ensure that a written Disaster Recovery Plan is documented and contains the following:

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

Condition: The County does not have a written Disaster Recovery Plan.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data.

Management's Response: Each office will work to implement a formal Disaster Recovery Plan.

Finding 2004-4 - Written Policies and Procedures (Repeat Finding)

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery and Support 7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibilities.

Condition: The County does not have a written policies and procedures addressing information security or provide adequate awareness training.

Recommendation: We recommend the County establish Information Security policies and procedures. A security awareness training program should be established and all employees using computers required to participate.

Management's Response: The County officials will work to prepare and implement policies and procedures for the information systems.

Finding 2004-5 - Sheriff's Official Depository (Repeat Finding)

Criteria: Effective internal controls include receipts issued in sequential order for all monies received. Also, receipts should be complete with mode of pay indicated. Title 19 O.S. 2001, § 682 states, "It shall be the duty of each and every county officer...to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, property, fees, fines, forfeitures, and public charges of every kind received or collected by virtue or under color of office."

Condition: While performing cash compositions for the Sheriff's Official Depository Account, the following was noted:

1. Receipts are not issued for all monies received,
2. Receipts do not indicate mode of payment,
3. Generic self-made receipts are sometimes used,
4. Deposits are not being made in a timely manner (Some deposits are held for up to 10 days)

Recommendation: We recommend that duplicate, pre-numbered receipts be issued for all monies received in the Sheriff's office. Receipts should be issued in sequential order and should indicate mode of payment received. Also, collections should be deposited daily.

Management's Response: We concur with the auditor's findings and are implementing procedures for the safeguarding and timely deposit of all official depository collections.

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

Finding 2004-6 – General Fixed Assets (Repeat Finding)

Criteria: 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 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: All offices, except District 2, do 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 will work together to compile a complete listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.

Finding 2004-7 – Lapsed Audit Budget Account (Repeat Finding)

Criteria: The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any county for any year authorized and mandatorily required to be appropriated and dedicated to county audit by 62 O.S. 2001, § 331, shall henceforth be restricted to and used only for audit survey and reporting receipt, disbursement and management of county affairs financed by county ad valorem levy and miscellaneous revenues other than ad valorem taxation accruing to the general fund of such county, whether such audit be in the performance of duties charged to the State Auditor and Inspector and instigate at his own initiative and directive, or on request of the board of county commissioners of such county or order of the Governor as provided by 74 O.S. 2001, § 212. If, after completion of audit of all county accounts so financed, and report thereof, including report of audit of cash funds where possible, as by this act provided, unless there be directive from the Governor for other and/or further inquiry, the board of county commissioners may, upon certificate of completion by the State Auditor and Inspector, request that any unexpended and unencumbered balance of appropriation

ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2004

therein, by the county excise board, lapsed and cancelled and the county revenues restricted thereby revert to surplus, available for appropriation to any lawful county purpose.

Condition: At the end of fiscal year ending June 30, 2003, Atoka County lapsed budgeted appropriations for the audit account located within the general fund. The County also failed to budget the required 1/10 of one mill for audit purposes for the fiscal year ending June 30, 2004.

Recommendation: We recommend that Atoka County include in their budgeted appropriations for the general fund the required 1/10 of one mill for audit purposes. We further recommend that this account only be lapsed after receiving a written directive from the State Auditor and Inspector.

Management's Response: We concur with the auditors' findings. We needed emergency repairs on the courthouse elevator and this was the only account that had any remaining funds. We have corrected this problem with the FYE June 30, 2005 budget/estimate of needs. We will comply with state statutes in the future.

**Statistical Section
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Natural Gas Pipeline Co.	\$ 2,436,554	5.73%
Southwestern Bell Telephone	2,374,048	5.58%
Enogex Inc.	2,260,944	5.32%
Public Service of Oklahoma	1,412,597	3.32%
Okla RSA 10	1,255,179	2.95%
Union Pacific Railroad	1,099,329	2.59%
Alltel Oklahoma	680,368	1.60%
Stringtown Materials LP	585,403	1.38%
Explorer Pipeline Co.	453,494	1.07%
Wal-Mart	391,770	0.92%
Total	<u>\$ 12,949,686</u>	<u>30.46%</u>

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

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

Total net assessed value as of January 1, 2003		<u>\$ 42,512,725</u>
Debt limit - 5% of total assessed value		2,125,636
Total bonds outstanding	-	
Total judgments outstanding	197,318	
Less cash in sinking fund	<u>2,603</u>	<u>194,715</u>
Legal debt margin		<u>\$ 1,930,921</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, 2004
(UNAUDITED)**

	2004
Estimated population	13,879
Net assessed value as of January 1, 2003	\$ 45,512,725
Gross bonded debt	197,318
Less available sinking fund cash balance	2,603
Net bonded debt	\$ 194,715
Ratio of net bonded debt to assessed value	0.43%
Net bonded debt per capita	\$ 14

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

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2003	\$5,559,066	\$13,138,544	\$27,288,123	\$3,473,008	\$42,512,725	\$358,331,464