

**ATOKA COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

July 17, 2006

TO THE CITIZENS OF
ATOKA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Atoka County, Oklahoma, for the fiscal year ended June 30, 2005. 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 serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

ATOKA COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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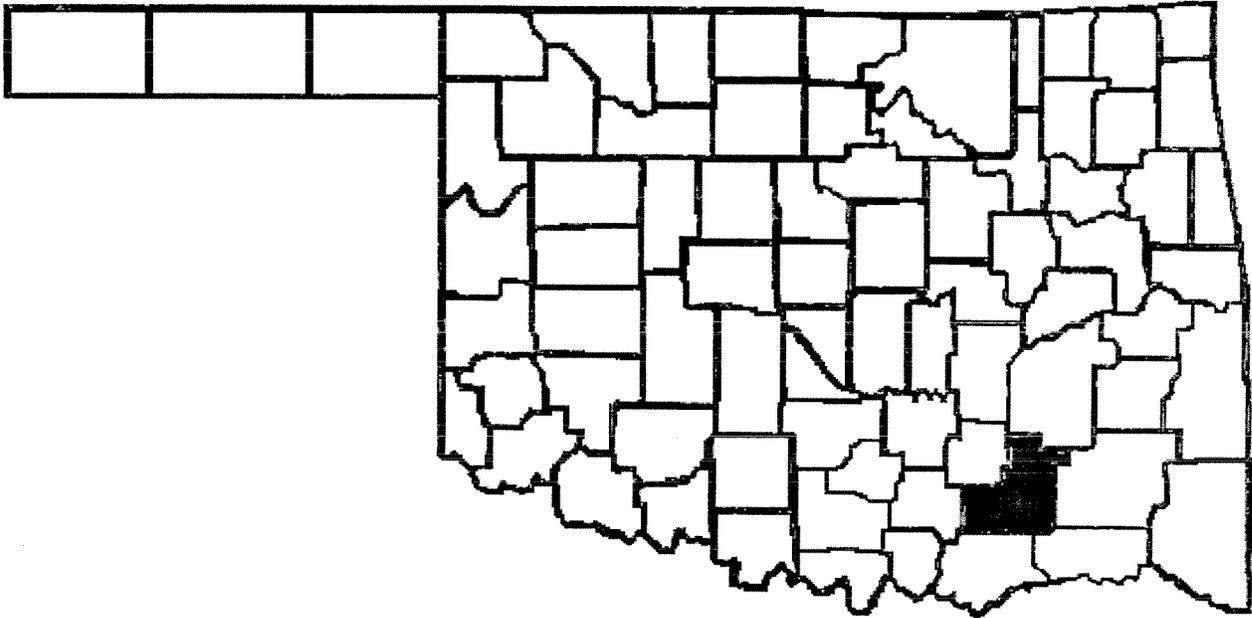
ATOKA COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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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 – 990 Square Miles

County Population – 14,255
(2004 est.)

Farms – 1,206

Land in Farms – 492,174 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**ATOKA COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

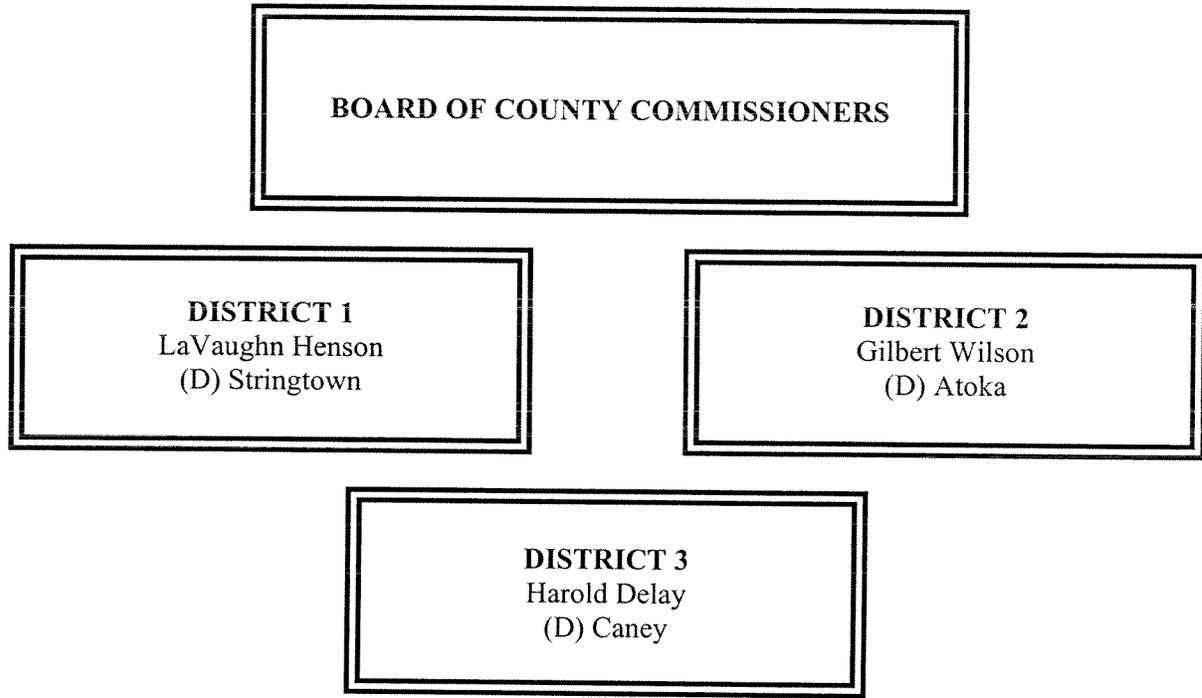
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**



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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
Emily Redman
(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.

**ATOKA COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

ELECTION BOARD SECRETARY

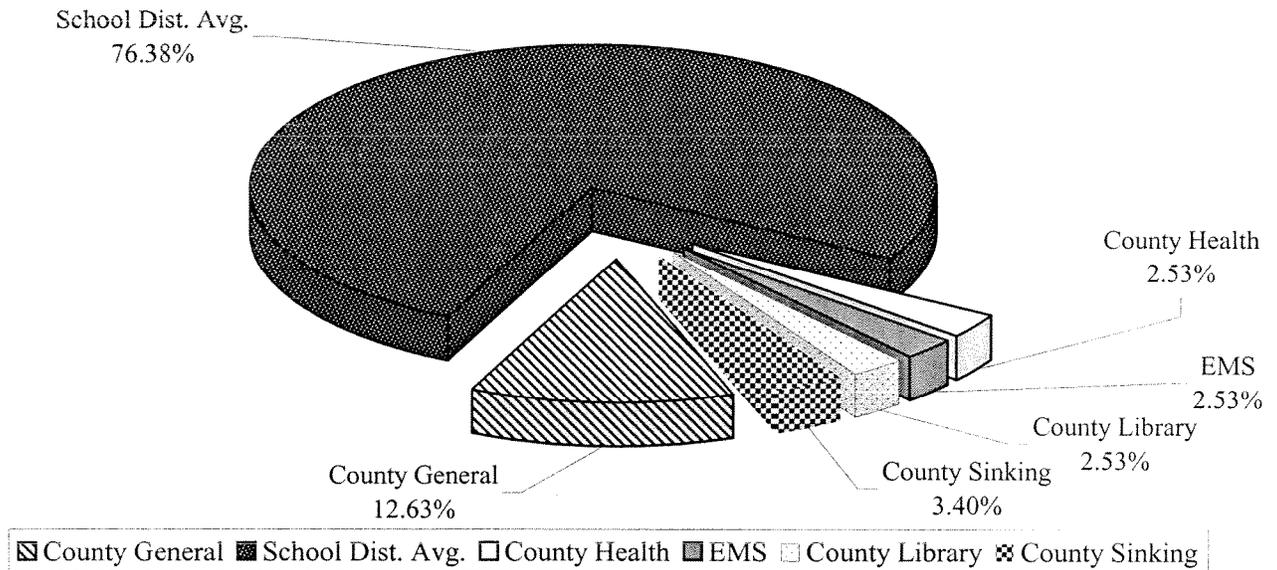
Kathie Jones
(D) Atoka

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.

**ATOKA COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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.	Cntr. Bldg.	Common	Total
Co. General	10.00									
County Health	2.00	Stringtown	I-7	35.00	5.00	13.06	10.00	2.00	4.00	69.06
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
County Sinking	2.69	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	13.50	10.00	2.00	4.00	69.50
		Rock Creek	JT-2	35.00	5.00		10.00	2.00	4.00	56.00
		Coalgate	JT-11	35.00	5.00	8.38	10.00	2.00	4.00	64.38
		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	14.35	10.00	2.00	4.00	70.35
		Wapanucka	JT-37	35.00	5.00	7.86	10.00	2.00	4.00	63.86
		Pittsburg	JT-63	35.00	5.00	14.62	10.00	2.00	4.00	70.62

See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

Total net assessed value as of January 1, 2004		<u>\$ 44,939,097</u>
Debt limit - 5% of total assessed value		2,246,955
Total bonds outstanding	-	
Total judgments outstanding	89,613	
Less cash in sinking fund	<u>3,941</u>	<u>85,672</u>
Legal debt margin		<u>\$ 2,161,283</u>

See independent auditor's report.

ATOKA COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)

	2005
Estimated population	14,255
Net assessed value as of January 1, 2004	\$ 44,939,097
Gross bonded debt	-
Less available sinking fund cash balance	3,941
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(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>
1/1/2004	\$6,355,409	\$13,099,412	\$28,863,662	\$3,379,386	\$44,939,097	\$379,716,155

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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Atoka County, Oklahoma, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Atoka County's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Atoka County as of June 30, 2005, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Atoka County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2006, 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Jeff A. McMahon". The signature is written in dark ink and is positioned above the printed name.

JEFF A. McMAHAN
State Auditor and Inspector

June 8, 2006

Basic Financial Statement

**ATOKA COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:				
County General	\$ 730,461	\$ 1,601,918	\$ 1,845,444	\$ 486,935
County Highway	532,231	2,685,720	2,541,184	676,767
County Health	56,126	104,653	98,643	62,136
Resale Property	26,523	41,336	50,497	17,362
Hazard Mitigation Grant	180	9,925	5,105	5,000
County Sinking Fund	2,603	118,929	117,591	3,941
Hospital	62,914	821,071	821,988	61,997
Combined Total--All County Funds	\$ 1,411,038	\$ 5,383,552	\$ 5,480,452	\$ 1,314,138

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

ATOKA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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 basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Atoka County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds 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 County 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.

Following are descriptions of the funds included as supplementary information within the financial statement:

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.

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.

**ATOKA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations.

C. Basis of Accounting

The basic financial statement is 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. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. 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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

**ATOKA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- 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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may be accumulated up to 20 days. Employees earn 10 days of annual leave per year. Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.

Sick leave benefits are accrued at the rate of 8 hours per month and employees may accumulate up to 30 days. Sick leave is not paid upon termination.

2. 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, 2004, was approximately \$44,939,097.

**ATOKA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.00 mills for county health department, 2.00 mills for the library, 2.69 mills for the sinking fund, and 2.00 mills for emergency medical service. In addition, the County 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, 2005, were approximately 90.81 percent of the tax levy.

3. 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. **Risk Management**

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers Liability • Vehicle 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • 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 \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate workers' 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.

**ATOKA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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.

5. Long-term Obligations

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 pieces of machinery subsequently acquired.

6. Judgment

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

During the year, the County retired the following judgments: CJ-01-159, CJ-01-67, and CJ-01-67.

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>
2006	\$89,613	\$4,490	\$94,103

7. **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.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$141,639, \$133,837, and \$124,444, respectively, equal to the required contributions for each year.

8. **Other Post Employment Benefits (OPEB)**

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

9. **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 County expects such amounts, if any, to be immaterial.

The County 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 County.

OTHER SUPPLEMENTARY INFORMATION

ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 730,461	\$ 730,461	\$ 730,461	\$ -
Less: Prior Year Outstanding Warrants	(51,252)	(51,252)	(51,252)	
Less: Prior Year Encumbrances	(9,720)	(9,720)	(9,708)	12
Beginning Cash Balances, Budgetary Basis	<u>669,489</u>	<u>669,489</u>	<u>669,501</u>	<u>12</u>
Receipts:				
Ad Valorem Taxes	408,537	408,537	440,505	31,968
Sales Tax		410,536	410,536	
Charges for Services	79,703	127,137	133,269	6,132
Intergovernmental Revenues	126,416	322,681	346,992	24,311
Miscellaneous Revenues	25,079	240,855	270,616	29,761
Total Receipts, Budgetary Basis	<u>639,735</u>	<u>1,509,746</u>	<u>1,601,918</u>	<u>92,172</u>
Expenditures:				
District Attorney-State	8,500	51,657	8,695	42,962
Total District Attorney-State	<u>8,500</u>	<u>51,657</u>	<u>8,695</u>	<u>42,962</u>
District Attorney-County	1,500	1,542	542	1,000
Total District Attorney-County	<u>1,500</u>	<u>1,542</u>	<u>542</u>	<u>1,000</u>
County Sheriff	149,190	274,006	242,930	31,076
Capital Outlay	5,000	10,475	10,475	
Total County Sheriff	<u>154,190</u>	<u>284,481</u>	<u>253,405</u>	<u>31,076</u>
County Treasurer	68,788	71,954	57,986	13,968
Capital Outlay	500	500		500
Total County Treasurer	<u>69,288</u>	<u>72,454</u>	<u>57,986</u>	<u>14,468</u>
OSU Extension	13,300	13,300	13,293	7
Total OSU Extension	<u>13,300</u>	<u>13,300</u>	<u>13,293</u>	<u>7</u>
County Clerk	153,117	199,617	133,253	66,364
Total County Clerk	<u>153,117</u>	<u>199,617</u>	<u>133,253</u>	<u>66,364</u>
Court Clerk	49,055	53,023	53,023	
Capital Outlay	4,400			
Total Court Clerk	<u>53,455</u>	<u>53,023</u>	<u>53,023</u>	<u>-</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	52,807	80,792	77,944	2,848
Capital Outlay	500	500	185	315
Total County Assessor	<u>53,307</u>	<u>81,292</u>	<u>78,129</u>	<u>3,163</u>
Revaluation of Real Property	64,112	67,943	67,943	
Capital Outlay	4,000			
Total Revaluation of Real Property	<u>68,112</u>	<u>67,943</u>	<u>67,943</u>	<u>-</u>
General Government	86,068	103,568	103,339	229
Capital Outlay	11,500			
Total General Government	<u>97,568</u>	<u>103,568</u>	<u>103,339</u>	<u>229</u>
Excise-Equalization Board	10,717	10,514	9,628	886
Total Excise-Equalization Board	<u>10,717</u>	<u>10,514</u>	<u>9,628</u>	<u>886</u>
County Election Board	43,765	49,533	42,990	6,543
Total County Election Board	<u>43,765</u>	<u>49,533</u>	<u>42,990</u>	<u>6,543</u>
Insurance	136,960	165,455	150,011	15,444
Total Insurance	<u>136,960</u>	<u>165,455</u>	<u>150,011</u>	<u>15,444</u>
Juvenile Transportation		1,641	1,641	
Total Juvenile Transportation	<u>-</u>	<u>1,641</u>	<u>1,641</u>	<u>-</u>
Lane Fire Department		12,500	12,500	
Total Lane Fire Department	<u>-</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
OLETS	9,239	14,301	12,202	2,099
Total OLETS	<u>9,239</u>	<u>14,301</u>	<u>12,202</u>	<u>2,099</u>
Atoka Emergency Management	240	1,320	1,320	
Total Atoka Emergency Management	<u>240</u>	<u>1,320</u>	<u>1,320</u>	<u>-</u>
Hazard Mitigation Plan		15,000	15,000	
Total Hazard Mitigation Plan	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Farris Fire Department		5,500	5,500	
Total Farris Fire Department	<u>-</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
911	13,710	54,574	44,657	9,917
Total 911	13,710	54,574	44,657	9,917
Bentley Fire Department		10,435	10,435	
Total Bentley Fire Department	-	10,435	10,435	-
Daisy Fire Department		1,478	1,478	
Total Daisy Fire Department	-	1,478	1,478	-
Harmony Fire Department		8,734	8,734	
Total Harmony Fire Department	-	8,734	8,734	-
Sheriff Grants	2,335	40,549	38,664	1,885
Total Sheriff Grants	2,335	40,549	38,664	1,885
County Audit Budget Account	10,016	10,016	10,016	
Total County Audit Budget Account	10,016	10,016	10,016	-
Crystal Fire Department		3,380	3,380	
Total Crystal Fire Department	-	3,380	3,380	-
Free Fair Budget Account	20,000	29,500	28,696	804
Total Free Fair Budget Account	20,000	29,500	28,696	804
Harmony Senior Citizens		4,525	3,085	1,440
Total Harmony Senior Citizens	-	4,525	3,085	1,440
LEPC Grant	1,495	1,495	1,495	
Total LEPC Grant	1,495	1,495	1,495	-
Lane Senior Citizens Center		2,715	2,044	671
Total Lane Senior Citizens Center	-	2,715	2,044	671

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Bentley Community Center		4,588	4,588	
Total Bentley Community Center	-	4,588	4,588	-
Farris Community Center				
Capital Outlay	200	200		200
Total Farris Community Center	200	200	-	200
Home Program Grant		3,660	3,660	
Total Home Program Grant	-	3,660	3,660	-
Jail Sales Tax	388,210	798,745	767,747	30,998
Total Jail Sales Tax	388,210	798,745	767,747	30,998
Total Expenditures, Budgetary Basis	1,309,224	2,179,235	1,949,079	230,156
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	322,340	\$ 322,340
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			74,118	
Add: Current Year Outstanding Warrants			90,477	
Ending Cash Balance			\$ 486,935	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 56,126	\$ 56,126	\$ 56,126	\$ -
Less: Prior Year Outstanding Warrants	(1,443)	(1,443)	(1,443)	
Less: Prior Year Encumbrances	(1,355)	(1,355)	(1,355)	
Beginning Cash Balances, Budgetary Basis	<u>53,328</u>	<u>53,328</u>	<u>53,328</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	81,707	81,707	88,122	6,415
Miscellaneous Revenues		16,774	16,531	(243)
Total Receipts, Budgetary Basis	<u>81,707</u>	<u>98,481</u>	<u>104,653</u>	<u>6,172</u>
Expenditures:				
Health and Welfare	76,000	137,774	112,494	25,280
Capital Outlay	59,035	14,035	3,088	10,947
Total Expenditures, Budgetary Basis	<u>135,035</u>	<u>151,809</u>	<u>115,582</u>	<u>36,227</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	42,399	<u>\$ 42,399</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			18,322	
Add: Current Year Outstanding Warrants			1,415	
Ending Cash Balance			<u>\$ 62,136</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Beginning Cash Balance	\$ 2,603
Receipts:	
Ad Valorem Tax	118,929
Total Receipts	<u>118,929</u>
Disbursements:	
County Judgment	107,705
Interest Paid	9,886
Total Disbursements	<u>117,591</u>
Ending Cash Balance	<u>\$ 3,941</u>

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**ATOKA COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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 these funds. At the end of the year, unencumbered appropriations lapse.

2. Sinking Fund Schedule

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.

INTERNAL CONTROL AND 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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Atoka County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Atoka County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 8, 2006. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report 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

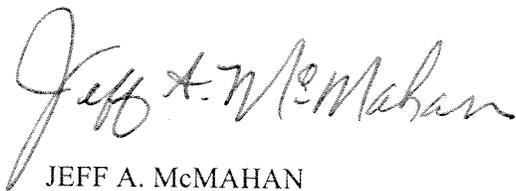
In planning and performing our audit, we considered Atoka County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. 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 Atoka County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2005-1 and 2005-2.

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 statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN
State Auditor and Inspector

June 8, 2006

ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Finding 2005-1 - 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.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

Finding 2005-2 - 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, the County Sheriff, and the Election Board Secretary 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 officer should sign and approve each timesheet and file in the County Clerk's office. Also, the officers and employees should follow the most currently adopted Policy and Procedures Manual.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We have started the process of implementing procedures for the accountability of employee time records.

ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2005-3 - Sheriff’s Official Depository

Criteria: Title 19 O.S. § 1717.A. states, “No expenditures may be authorized or made by any employee or member of the board which exceeds any fund balance for any fund of the budget as adopted or amended or which exceeds that appropriation for any fund of the budget as adopted or amended.” Title 19 O.S. §1717.B. states in part, “It shall be unlawful for any employee or member of the board in any budget year:

1. To create or authorize creation of a deficit in any fund; or
2. To authorize, make, or incur expenditures or encumbrances in excess of ninety percent (90%) of the appropriation for any fund of the budget as adopted or amended until revenues in an amount equal to at least ninety percent (90%) of the appropriation for the fund has been collected. Any fund balance which is included in the appropriation for the fund is considered revenue in the budget year for which it is appropriated. Expenditures may then be made and authorized so long as any expenditure does not exceed any fund balance.”

Condition: The County Sheriff authorized expenditures in excess of current appropriations. Fiscal year 2004 expenditures in the amount of \$2,499.16 were paid with fiscal year 2005 appropriations. Also, fiscal year 2005 expenditures in the amount of \$3,922.74 were paid with fiscal year 2006 appropriations.

Recommendation: We recommend that the Sheriff implement procedures to properly budget current appropriations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We are taking measures to comply with the state purchasing procedures.

Finding 2005-4 - Sheriff’s Official Depository

Criteria: Title 19 O.S. § 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. The Sheriff does not deposit daily,
2. Receipts do not indicate mode of payment,

**ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

3. The jail log book does not always state type of bond or amount of payment,
4. Receipts are not issued in sequential order, and
5. Receipts were not issued for some deposits.

Recommendation: We recommend that all receipts be issued in sequential order for all monies received. Receipts should indicate mode of payment and all collections should be deposited daily.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are implementing procedures to correct this issue.

Finding 2005-5 - Fixed Assets Inventory (Repeat Finding)

Criteria: Title 19 O.S. § 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.

Views of responsible officials and planned corrective actions: 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 2005-6 - Consumable Inventory Records

Criteria: Title 19 O.S. § 1502.B. states in part, "The board of county commissioners shall:

1. Prescribe a uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance of roads and bridges; and
2. Create and administer an inventory system for all:
 - a. equipment of a county having an original cost of Two Hundred Fifty Dollars (\$250.00) or more and not used in the construction and maintenance of roads and bridges, and
 - b. supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges.

**ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The board of county commissioners may designate an employee of that office to administer such inventory system.”

District	Item	Variance Long (Short)
1	Diesel	(73 gallons)
1	Gas	(25 gallons)

Condition: Discrepancies were noted when comparing District 1 consumable records to the physical counts. Also, District 2 is not maintaining records of fuel that is periodically reconciled to a physical measurement.

Recommendation: We recommend that the County Commissioners investigate the discrepancies between the consumable records and the physical inventory of consumable items and make appropriate adjustments. We also recommend that a physical inventory of consumable inventory items be periodically conducted to ensure the necessary accountability of inventories.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We will implement procedures to timely detect and prevent misstatements on the consumable records. District 1 Commissioner stated that the balances could not previously be reconciled due to a malfunctioning fuel pump. He stated that as of the exit conference date, a new fuel pump has been installed and fuel balances are being reconciled to a fuel log.

Finding 2005-7 - County Work on Private Property

Criteria: Title 19 O.S. § 339.A.16 states in part, “The county commissioners shall have power: ...To utilize county-owned equipment, labor and supplies at their disposal on property owned by the county...”

Condition: It was noted that Highway Fund purchase order #3600 in the amount of \$399 was issued for 56 yards of concrete. We visually verified that this concrete was used for the purpose of building a creek crossing on private property.

Recommendation: We recommend the District Attorney review this finding to determine what action may be necessary.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. Expenditures of this nature will not be made in the future.

Finding 2005-8 – Pledged Securities

Criteria: Title 62 O.S. § 511 states, “Any custodian of public funds of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall hereafter, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit

**ATOKA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Insurance Corporation, be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such Federal Deposit Insurance Corporation.”

Title 62 O.S. § 513 states, “...treasurers of counties...having custody, control and management of any public or trust fund or funds charged with the safekeeping and deposit of said fund ...in an amount and to the extent that such deposit is fully insured by the Federal Savings and Loan Insurance Corporation or any other instrumentality of the United States Government.” Title 62 O.S. § 517.3.A. states in part, “All public deposits made by a treasurer of a public entity in financial institutions shall be secured as provided for in the Security for Local Public Deposits Act.” Also, Title 19 O.S. § 121 states in part, “the county treasurer shall take from each of such banks security in a sum equal to the largest approximate amount that may be deposited in each bank respectively at any one time.”

Condition: The County’s bank account balances and investments were underpledged in the amount of \$998,176.99 as of January 31, 2005

Recommendation: We recommend the County Treasurer monitor county pledges routinely to ensure that deposits are adequately secured.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We are taking measures to comply with the state statutes regarding pledged securities.

Finding 2005-9 – Sheriff Juvenile Transport Reimbursement

Criteria: Title 19 O.S. § 180.62.B. states. “The board of county commissioners shall set the salaries for all elected county officials within the limits allowed by law.” Title 19 O.S. § 180.67 states, “It is hereby declared to be the intent of the Legislature that this act shall be the comprehensive salary code for all counties of the state and no county officer in paragraph 1 of Section 180.61 of this title, ...shall receive any salary or wages except as provided in this act.” Also, Attorney General Opinion 96-14 states in part, “... the salaries of all Class 1 county officers must be equal.”

Condition: The Sheriff was reimbursed \$579 during the period of July 1, 2004 through June 30, 2005, for transporting juveniles. Additionally, the Sheriff was reimbursed \$1,020 during the period July 1, 2005 through March 31, 2006, for transporting juveniles.

Recommendation: We recommend that the Sheriff be compensated for services only as outlined by state statutes.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We corrected this action as soon as it was brought to our attention.