

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

September 9, 2003

TO THE CITIZENS OF
BEAVER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Beaver County, Oklahoma, for the fiscal year ended June 30, 2002. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

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

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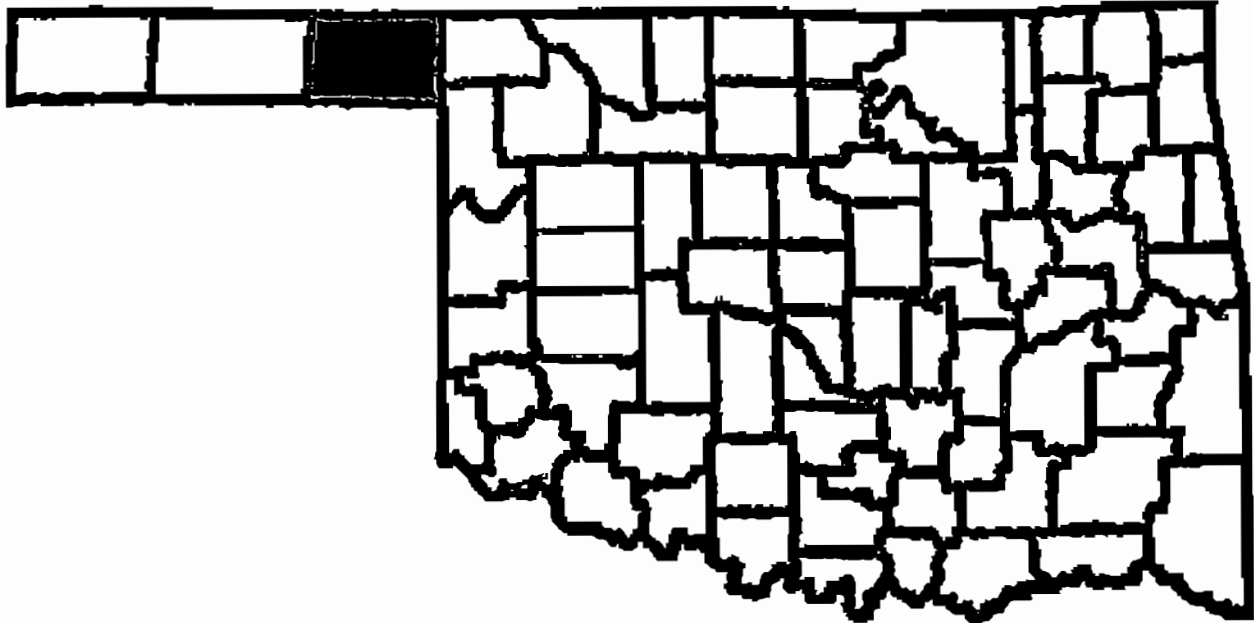
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**BEAVER COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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



Located in the Oklahoma Panhandle, present-day Beaver County was created from the eastern one-third of that area. Named for Beaver River, this county comprised the entire panhandle prior to statehood.

Bordered on the north by Kansas and the south by Texas, Beaver County was crossed by the Jones and Plummer Trail. Established around 1874, this trail served first as a supply route and then a cattle trail between Texas and Kansas.

The local economy is based on agriculture and cattle and is supplemented by the oil and gas industries.

County Seat - Beaver

Area - 1814.5 Square Miles

County Population - 6,016
(1999 est.)

Farms - 738

Land in Farms - 1,047,970 acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Maxine Elston
(D) Forgan

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
Karen Schell
(D) Beaver

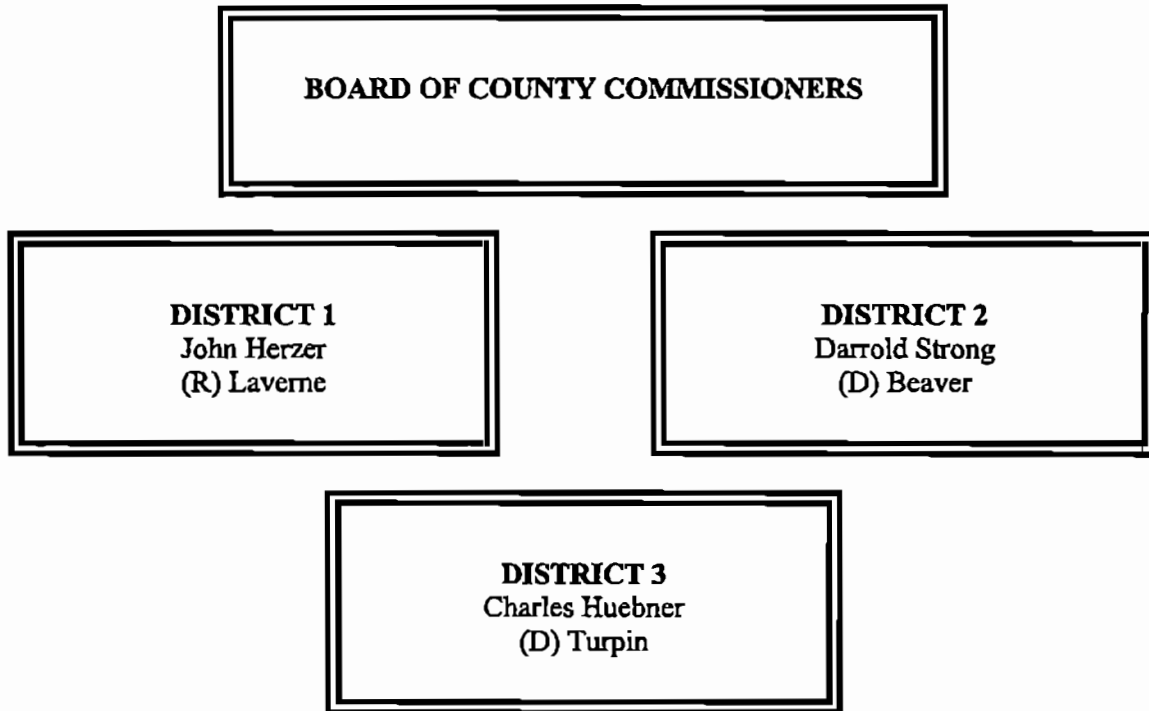
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Billy E. Cassingham
(R) Forgan

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
Jim Stafford
(R) Beaver

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Sharon Raven
(D) Beaver

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
Don Wood
(D) Guymon

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.

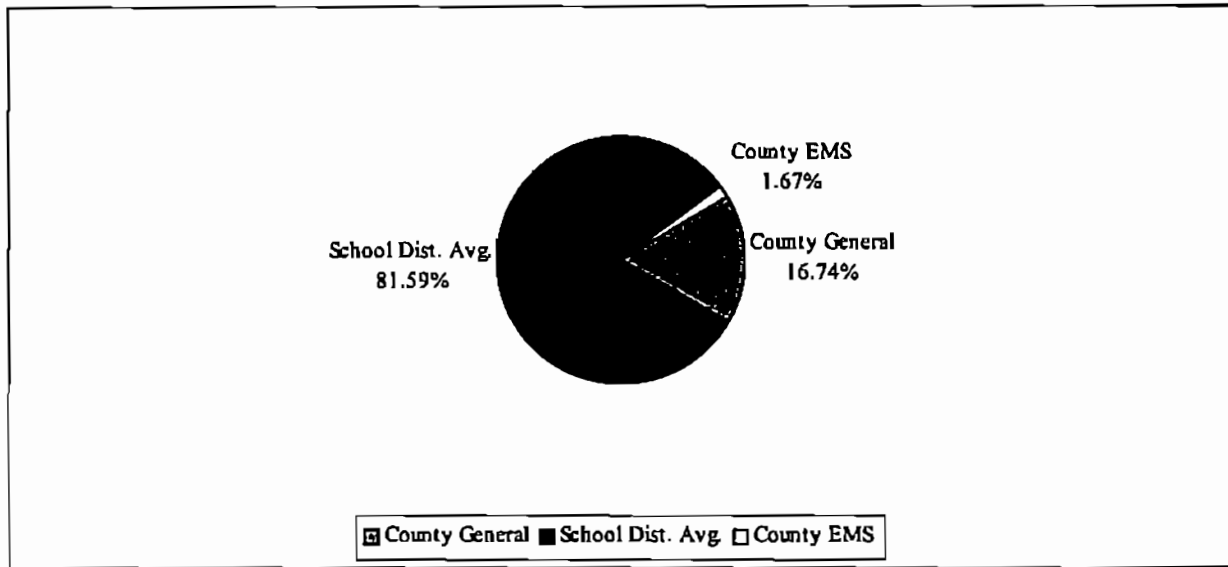
ELECTION BOARD SECRETARY
Vera Floyd
(D) Beaver

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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

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

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



County-Wide Millages		School District Millages						
				Gen.	Bldg.	Skp.	Common	Total
Co. General	10.00	Beaver	I-22	35.00	5.00	7.42	4.00	51.42
County EMS	1.00	Garrett	D-73	35.00	5.00		4.00	44.00
		Balko	I-75	35.00	5.00		4.00	44.00
		Forgan	I-123	35.00	5.00	4.83	4.00	48.83
		Turpin	I-128	35.00	5.00	13.25	4.00	57.25
		Laverne	Jt-1	35.00	5.00		4.00	44.00
		Shattuck	Jt-42	35.00	5.00	7.62	4.00	51.62

See independent auditor's report.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
BEAVER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Beaver County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These special-purpose financial statements are the responsibility of Beaver County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Beaver County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general 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 Beaver 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 Beaver County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, as of and for the year ended June 30, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2003, on our consideration of Beaver County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

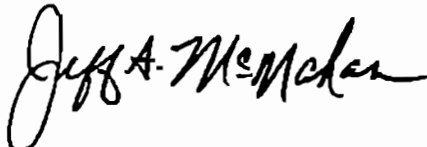
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Beaver County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express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

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

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

August 11, 2003

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Cancelled Voucher	Ending Cash Balances June 30, 2002
General Fund	\$ 1,081,928	\$ 1,836,353	\$ 1,636,150	\$	\$ 1,282,131
Highway Cash	2,732,932	4,384,692	5,575,143		1,542,481
County Health Department	59,056	6,893			65,949
Resale Property	16,543	11,290	11,849		15,984
Treasurer Mortgage Tax Fee	6,249	1,265	137		7,377
County Clerk Lien Fee	4,883	98			4,881
County Clerk Lien Fee Investments	30,000	23,009	40,950		12,059
County Clerk Records Preservation		19,122			19,122
Assessor Visual Inspection	11,113				11,113
Sheriff Service Fee	26,685	43,312	36,526		33,471
Sheriff Seatbelt Grant	11,160	17,770	19,793		9,137
Hospital Sales Tax	43,312	485,208	498,211		30,309
Emergency Management	21,013	5,340	971		25,382
Emergency Management Grant		5,500	5,022		478
Local Emergency Plan Committee	1,276	3,079			4,355
Turpin Sewer Reap Grant		30,089	30,089		
Elmwood Fire Department REAP Gr		31,986	31,986		
Library Grant	3,564	5,882	8,886		560
Schools	353,889	5,269,624	4,955,573		667,940
Cities and Towns	111,584	215,947	195,972		131,559
Law Library	1,317	11,234	10,793		1,758
County Library	182	2,882	3,064		
Emergency Medical Service	189	88,116	88,134		171
Court Clerk Revolving	1,578	5,688			7,266
Court Clerk Trust Encumbrance	4,250	79			4,329
Protest Tax	40,981	24,302	41,966		23,317
County Federal Tax Withholding	40,858	463,580	504,438		
Balko Federal Tax Withholding		128,804	128,804		
Community Improvement Fund	35,895	1,069			36,964
Cash in Office	125				125
Official Depository	224,719	1,207,828	1,202,948	1,859	231,458
Total County Funds	\$ 4,865,281	\$ 14,330,041	\$ 15,027,405	\$ 1,859	\$ 4,169,776

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

**BEAVER COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 1,081,928	\$ 1,081,928	\$ 1,081,928	\$ -
Less: Prior Year Outstanding Warrants	(97,661)	(97,661)	(97,661)	
Less: Prior Year Encumbrances	(52,317)	(52,317)	(31,926)	(20,391)
Beginning Cash Balances, Budgetary Basis	<u>931,950</u>	<u>931,950</u>	<u>952,341</u>	<u>20,391</u>
Receipts:				
Ad Valorem Taxes	806,444	806,444	877,610	71,166
Sales Tax	337,085	337,085	484,807	147,722
Charges for Services	82,907	82,907	101,805	18,898
Intergovernmental Revenues	45,885	88,196	205,694	117,498
Miscellaneous Revenues	44,480	44,480	166,437	121,957
Total Receipts, Budgetary Basis	<u>1,316,801</u>	<u>1,359,112</u>	<u>1,836,353</u>	<u>477,241</u>
Expenditures:				
District Attorney	4,000	4,000	4,000	
Total District Attorney	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
County Sheriff	330,295	346,928	339,892	7,036
Capital Outlay	26,500	39,001	38,259	742
Total County Sheriff	<u>356,795</u>	<u>385,929</u>	<u>378,151</u>	<u>7,778</u>
County Treasurer	120,286	120,159	119,518	641
Capital Outlay	10	10		10
Total County Treasurer	<u>120,296</u>	<u>120,169</u>	<u>119,518</u>	<u>651</u>
County Commissioners	25,000	25,000	20,680	4,320
Total County Commissioners	<u>25,000</u>	<u>25,000</u>	<u>20,680</u>	<u>4,320</u>
OSU Extension	64,318	65,593	40,815	24,778
Capital Outlay	158,610	157,611	7,991	149,620
Total OSU Extension	<u>222,928</u>	<u>223,204</u>	<u>48,806</u>	<u>174,398</u>
County Clerk	153,579	153,363	149,771	3,592
Capital Outlay	5,000	5,344	3,529	1,815
Total County Clerk	<u>158,579</u>	<u>158,707</u>	<u>153,300</u>	<u>5,407</u>

continued on next page

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

**BEAVER COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	106,987	106,987	105,337	1,650
Capital Outlay	100	100		100
Total Court Clerk	107,087	107,087	105,337	1,650
County Assessor	95,807	95,807	93,460	2,347
Capital Outlay	1	1		1
Total County Assessor	95,808	95,808	93,460	2,348
Revaluation of Real Property	85,350	85,350	70,048	15,302
Capital Outlay	5,000	5,000	610	4,390
Total Revaluation of Real Property	90,350	90,350	70,658	19,692
General Government	346,800	346,654	305,949	40,705
Capital Outlay	2,000	2,000	1,950	50
Total General Government	348,800	348,654	307,899	40,755
Excise-Equalization Board	3,050	3,050	2,256	794
Total Excise-Equalization Board	3,050	3,050	2,256	794
County Election Board	42,188	42,935	39,897	3,038
Capital Outlay	100	100		100
Total County Election Board	42,288	43,035	39,897	3,138
Charity	11,000	11,377	11,377	
Total Charity	11,000	11,377	11,377	-
Library Sales Tax	37,112	34,612	34,308	304
Capital Outlay	4,000	6,500	6,484	16
Total Library Sales Tax	41,112	41,112	40,792	320
Library	10,849	10,849	9,787	1,062
Total Library	10,849	10,849	9,787	1,062
Senior Citizens	53,475	53,504	22,746	30,758
Total Senior Citizens	53,475	53,504	22,746	30,758
Fire Departments	100,480	100,537	45,333	55,204
Total Fire Departments	100,480	100,537	45,333	55,204
Rural Economic Development	3,973	3,973	3,706	267
Total Rural Economic Development	3,973	3,973	3,706	267
Beaver City Bus Transit	16,254	16,254	4,670	11,584
Total Beaver City Bus Transit	16,254	16,254	4,670	11,584
Emergency Management	58,203	58,203	52,894	5,309
Total Emergency Management	58,203	58,203	52,894	5,309
General Government Sales Tax	209,450	209,450	28,408	181,042
Total General Government Sales Tax	209,450	209,450	28,408	181,042
County Audit Budget	17,103	17,103	17,103	
Total Audit Budget	17,103	17,103	17,103	-
Free Fair Budget	59,624	61,263	57,118	4,145
Total Free Fair Budget	59,624	61,263	57,118	4,145

continued on next page

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

**BEAVER COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Public Health Budget	59,598	69,127	53,004	16,123
Capital Outlay	10,472	11,140	50	11,090
Total Public Health Budget	<u>70,070</u>	<u>80,267</u>	<u>53,054</u>	<u>27,213</u>
County Hospital Budget	<u>22,177</u>	<u>22,177</u>	<u>22,177</u>	<u>-</u>
Total County Hospital Budget	<u>22,177</u>	<u>22,177</u>	<u>22,177</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>2,248,751</u>	<u>2,291,062</u>	<u>1,713,127</u>	<u>577,935</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,075,567	<u>\$ 1,075,567</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			79,864	
Add: Current Year Outstanding Warrants			126,700	
Ending Cash Balance			<u>\$ 1,282,131</u>	

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

**BEAVER COUNTY, OKLAHOMA
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2002**

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Court	\$ 172,617	\$ 430,966	\$ 439,241	\$ 252	\$ 164,594
Court Fund	23,746	255,838	248,850		30,734
County Treasurer	5,348	249,868	249,313	1,006	6,909
Free Fair	1,373	10,596	5,793	8	6,184
County Assessor Revolving	544	1,379	1,316		607
County Clerk	8,154	153,672	152,782	154	9,198
First Security Bank Official Depository County General	5,000				5,000
County Sheriff		48,641	48,641		
County Sheriff Estray Cattle	303	343	303		343
County Sheriff Training	1				1
County Sheriff Drug Prevention	161				161
County Health Department	3,572	15,747	18,890		429
County Election Board	80	8,426	8,612	214	108
District Attorney Bogus Check Restitution	616	7,640	4,063		4,193
District Attorney Criminal Restitution		24,049	24,269	220	
District Attorney Victim Witness Fee	3,159	63	875	5	2,352
District Attorney Drug Fund	45	600			645
Total Official Depository Accounts	\$ 224,719	\$ 1,207,828	\$ 1,202,948	\$ 1,859	\$ 231,458

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Beaver County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general 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 special-purpose 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 is the only fund required to adopt a formal budget. The budget presented for the general 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.

BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2002.

F. Risk Management

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

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

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insured Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed authorized deductibles, the County would have surcharges Assessed to pay the excess claims.

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$7,500 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

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

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may be accumulated. Employees must work on full year before being entitled to annual leave. Employees with 1 to 10 years of service are granted 10 days of vacation leave. Employees with 11 to 25 years of service are granted 12 days of vacation leave. Employees with 26 years of service are granted 15 days of vacation leave.

The County does not accrue any liability for sick leave. An employee earns up to 5 days per year not to exceed 25 days. After an employee has reached the maximum accumulated sick leave of 25 days, the employee may use a portion of sick leave for annual leave, not to exceed 5 days. At retirement, any accumulation of sick leave may be taken as annual leave.

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 \$4,169,776 and the bank balance was \$4,168,457. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 authorizes the County Treasurer to invest in:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts

Detailed Notes on Funds and Account Balances (continued)

- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

B. Description of Funds

General Fund - accounts for the general operations of the government, including the collections of sales tax disbursed to various entities for general operations; however, the monies are used by senior citizens, fire departments, free fair, and the county library.

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

County Health Department - accounts for fees collected on behalf of the county health department for immunizations and other health related matters.

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

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

County Clerk Lien Fee - accounts for lien collections and disbursements as restricted by statute.

County Clerk Lien Fee Investments - accounts for interest earned and disbursed on funds held by the County Clerk by court order.

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

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

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

Sheriff Seatbelt Grant - accounts for federal grant funds received to pay for sheriff deputies to perform traffic stops and check for seatbelt violations.

Hospital Sales Tax - accounts for the collection of sales tax and disbursement of funds used for general operations of the hospital.

BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Detailed Notes on Funds and Account Balances (continued)

Emergency Management - accounts for federal funds (FEMA) used for the operation of the Emergency Management Office.

Emergency Management Grant - accounts for federal grants (FEMA) used for the operation of Emergency Management Program.

Local Emergency Planning Committee Grant - accounts for money collected from dues paid by oil companies for local emergency planning and related issues.

Turpin Sewer Reap Grant - accounts for a state grant used for City of Turpin sewer operations.

Elmwood Fire Department Reap Grant - accounts for a state grant used for fire equipment in the town of Elmwood.

Library Grant - accounts for federal grant funds used for county library operations.

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

Cities and Towns - accounts for OTC collections distributed to the cities and towns of Beaver County.

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

County Library - accounts for monies received from patrons' fines and fees used for library operations.

Emergency Medical Service - accounts for monies collected on behalf of the emergency medical service from ad valorem taxes and remitted to them monthly.

Court Clerk Revolving - accounts for the charge of \$5 for each warrant issued. Funds are disbursed in the same manner as the court fund.

Court Clerk Trust Encumbrance - accounts for monies received from the Court Clerk and invested by the County Treasurer until cases are plead.

Protest Tax - accounts for collections of ad valorem taxes which have been protested.

County Federal Tax Withholding - accounts for federal payroll tax withholdings, which are transferred monthly for payment of payroll taxes.

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

Detailed Notes on Funds and Account Balances (continued)

Balko Federal Tax Withholding - accounts for federal payroll tax withholdings, which are transferred monthly for payment of payroll taxes of the town of Balko.

Community Improvement Fund - are funds restricted for county building improvement, with interest apportioned to the fund as the investment matures.

Cash in Office - accounts for county officers cash change funds.

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

The following narrative details the official depository accounts.

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

Court Fund - accounts for fees transferred from District Court and interest. Money is disbursed for the purpose of fees for various entities, salaries and operation of the Court Clerk's Office.

County Treasurer - accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile homes, and the sale of motor vehicle stamps. Disbursements are made for the purpose of refunds and motor vehicle stamp fees, schools, and the County Treasurer Mortgage Certification Fee Account.

Free Fair - accounts for collection of the Free Fair Building rental and disbursements are for the refund of deposits and transfer to operations of the free fair.

County Assessor Revolving - accounts for the collection of copy fees and disbursed to the County Assessor Revolving Fund Account.

County Clerk - accounts for the collection of filing fees and disbursed to OTC and the County Clerk Lien Fee Account.

First Security Bank Official Depository - County General - an account used to transfer surplus funds from other bank accounts when collateral is insufficient to cover deposits.

County Sheriff - accounts for the collection of service fees, copy fees and accident report fees, foreign service fees, and reimbursement for the boarding of prisoners. Monies are disbursed to the Sheriff Service Fee Account.

County Sheriff Estray Cattle - accounts for the collection of selling cattle found and unclaimed. Disbursements are made for the general operations of the Sheriff's Office.

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

Detailed Notes on Funds and Account Balances (continued)

County Sheriff Training - accounts for the collection of miscellaneous receipts and disbursements for the training of sheriff deputies.

County Sheriff Drug Prevention - accounts for money received from the District Attorney Drug Fund and used for drug education.

County Health Department - accounts for the collection of charges for services performed by the health department. Disbursements are made to the County Health Department Fund.

County Election Board - accounts for reimbursement of election expense and disbursed for refunds of election fees and maintenance and operation of the office.

District Attorney Bogus Check Restitution - accounts for the collection of restitution payments by defendants and disbursed to vendors for the restitution of false and bogus checks.

District Attorney Criminal Restitution - accounts for the collection of restitution payments from defendants and disbursed to an individual for restitution of destruction of property.

District Attorney Victim Witness Fee - accounts for collections received from the state to reimburse the District Attorney for state witness expense.

District Attorney Drug Fund - accounts for drug bust funds used for the apprehension of drug violators and drug related operations expenses.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2001, was approximately \$88,708,837.

The County levied 10 mills (the legal maximum) for general fund operations, and 1 mill 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.

Detailed Notes on Funds and Account Balances (continued)

Taxes are due on November 1 following the levy date, although, they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2002, were approximately 98 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

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

F. 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 Beaver County approved a one-cent sales tax effective April 1, 1997. This sales tax will expire April 1, 2003. The sales tax is distributed among the following entities; OSU Extension Office (12%), Free Fair (15%), Health Department (15%), County Library (10%), City Transit Bus (1.3%), Rural Fire (10.4%), general use (19.3%), Rural Economic Development (1%), Courthouse Maintenance and Operation (10%), and Senior Citizens (6%). For the fiscal year ended June 30, 2002, the County received and apportioned \$484,807 in sales tax revenue to the above entities.

The voters of Beaver County approved a 1% sales tax effective February 1, 1998. This sales tax will expire February 1, 2004. The sales tax was approved for the general support of Beaver County Memorial Hospital Authority. During fiscal year 2002, the County received and apportioned \$485,208 in sales and interest revenue for the Authority.

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
BEAVER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Beaver County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 11, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Beaver County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Finding 2002-1 - Official Depository Assessor Account

Criteria: Title 19 O.S. § 684 states, "All monies that shall be received during any calendar month by any county officer, shall be paid into the county treasury, by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies shall have been received; and it shall be the further duty of all such officers, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof."

Condition: During test work of monthly reports submitted to the Board of County Commissioners, we noted the County Assessor had not filed a report or submitted a report for the months of August 2001, October 2001, December 2001, February 2002, March 2002, April 2002, or June 2002.

Effect: The County Assessor has not made the Board of County Commissioners aware of account activity.

Recommendation: We recommend the County Assessor implement policies and procedures to comply with 19 O.S. 2001, § 684, and ensure the monthly reports include all monies collected and disbursed and that the ending balance on the report reconcile to the ending balance on the Treasurer's monthly reports filed with the State Auditors Office.

Finding 2002-3 - Equipment Inventory Records - Disposals

Criteria: Title 19 O.S. 2001, § 178.3 states, "The county clerk shall be custodian and repository of all inventory records, files, and reports."

Condition: While testing equipment on inventory, it was noted that the following items remain on the active inventory listing:

1. Inventory #04H-205-2 listed with the County Assessor had been donated to the Beaver County School in June of 2002.
2. Inventory #04C-220-4C listed with the County Treasurer had been junked in February of 2002.
3. Inventory #04B-B-212-16 listed with the County Sheriff had been disposed of in November of 1997.

Effect: The County inventory is not maintained accurately.

Recommendation: We recommend that the County implement policies and procedures to comply with 19 O.S. 2001, § 178.3, and that the records, files, and reports be accurate.

Finding 2002-4 - Equipment Inventory Records - Identification Numbers

Criteria: Title 19 O.S. 2001, § 1502.B. states, "The board of county commissioners shall:

1. Prescribe a uniform identification system for all supplies, materials and equipment for 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 (\$250) 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 (\$500) or more and not used in the construction and maintenance of roads and bridges."

Condition: When testing equipment inventory, it was noted that a Gateway computer used for the Beaver County transit bus was not marked with a County identification number.

Effect: Inventory is not properly marked with identification numbers.

Recommendation: We recommend the County implement policies and procedures to comply with 19 O.S. 2001, § 1502.B.

Finding 2002-5 - Equipment Inventory - District 2 County Commissioner

Criteria: Title 19 O.S. 2001, § 178.1 states in part, “The board of county commissioners shall take or cause to be taken, a continuous 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, ...the cost of which as to each complete working unit thereof is more than (\$250)...and maintain thereafter with regard to disposition...”

Condition: While visually verifying equipment inventory it was noted:

1. Item #042-307-123 remained on the inventory listing, but had been disposed of on March 11, 2002.
2. Item #042-302-237, serial #2HSFHDP5NC056036, was observed at District 2, but was not on the inventory list provided by the County Clerk.

Recommendation: We recommend the County Commissioners implement policies and procedures to comply with 19 O.S. 2001, § 178.1.

Finding 2002-6 - Equipment Inventory - District 2 County Commissioner

Criteria: Title 69 O.S. 2001, § 645 states in part, “The board of county commissioners shall cause each piece of county-owned, rented or leased road machinery and equipment, and each automobile and truck, to be conspicuously and legibly marked with the county’s name on each side in upper case letters, on a background of sharply contrasting color. Further, Title 19 O.S. 2001, § 1502, provides for a uniform identification system for county equipment.

Condition: While visually verifying equipment inventory at District 2, we noted that equipment was not marked in accordance with the specifications of Oklahoma Statutes. The following was noted:

1. Ten of the 90 equipment items of inventory physically verified were not marked with inventory numbers or legibly marked with the County name.
2. Three of the 90 equipment items of inventory physically verified were marked with partial inventory numbers and not legibly marked with the County name.
3. Three of the 90 equipment items of inventory physically verified had a different number on the equipment from the number assigned to the equipment on the inventory list. The items also were not legibly marked with the County name

Recommendation: We recommend the District 2 Commissioner implement policies and procedures to comply with 69 O.S. 2001, § 645 and 19 O.S. 2001, § 1502.

Finding 2002-8 - Consumable Inventory - All Districts

Criteria: According to 19 O.S. 2001, §1505(G)(2), "...a monthly report of the road and bridge projects completed during said period shall be prepared by the consuming department and filed with the county clerk. The report shall contain a record of the date, place and the purpose for the use of the road or bridge items or materials."

Condition: The three County Commissioners' districts did not file a monthly "Summary Report of Consumable Items" with the County Clerk during the fiscal year 2002.

Recommendation: We recommend the monthly report be filed with the County Clerk in accordance with 19 O.S. 2001 § 1505.

Finding 2002-9 - Appropriation of Lease Payments

Criteria: In accordance with 68 O.S. 2001, § 3010, items of appropriation shall represent a specific purpose subject to encumbrance and expenditure under restrictions otherwise provided by law. Further, the State Auditor and Inspector may:

"add or substitute, and define, other items of appropriation where necessary, to fulfill special functions. . . "

Condition: The County maintains a special item of appropriation for "Account 92G: Highway Lease Rentals" for payments made on the highway districts lease purchases. However, the payments made on the Sheriff's lease purchases were made from "Account Cash-4D: Sheriff Cash - Maintenance and Operation."

Effect: The same type of expenditure is being charged to two different items of appropriation.

Recommendation: We recommend in accordance with 68 O.S. 2001, § 3010, the creation of a separate "Lease Purchases" account for the Sheriff's lease-purchase payments, so that lease payments from the Sheriff's Cash Fund are accounted for in the same manner as lease-purchase payments in the Highway Cash Fund.

Internal Control Over Financial Reporting

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

Finding 2002-2 - Official Depository Free Fair Account

Criteria: Good internal controls to ensure stewardship and accountability of public funds require that accurate records be retained and maintained in a manner that facilitates internal review and external audit as necessary.

Condition: During test work of the official depository accounts, it was noted that the Free Fair secretary did not issue duplicate receipts for all money received, nor were vouchers issued for all money disbursed from the account. Cash was received and disbursed from this account.

Recommendation: We recommend that management be aware of this internal control weakness. We further recommend the County implement policies and procedures to issue duplicate receipts for all money received and issue vouchers for all disbursements. Receipt books and other records should be filed in an organized and systematic fashion, in order to be retrievable and available for audit purposes.

Finding 2002-7 - Consumable Inventory - District 2 County Commissioner

Criteria: Good internal controls to ensure safeguarding of public assets dictate a periodic inventory of consumable inventory items and maintenance of accurate records of inventory items.

Condition: While testing consumable inventory records, it was noted that three of the items physically verified an "on-hand" amount that was less than the amount actually maintained.

<u>Item</u>	<u>Inventory</u>	<u>Count</u>	<u>Variance</u>
24" CGSP Round	52 Ft	80 Ft	25 Ft
3"X6"X20" Creasole Lumber	31 Ft	50 Ft	19 Ft
96" Dimple Bands	2	4	2

Recommendation: We recommend the County implement policies and procedures for periodic inventory review and maintenance of accurate records for inventory items.

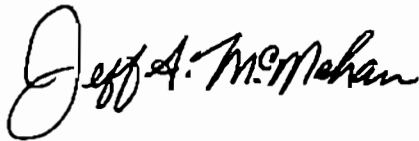
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

August 11, 2003

Management Response

BEAVER COUNTY COMMISSIONERS
P.O. BOX 338
BEAVER, OKLAHOMA 73932
PHONE 580 625-3151 FAX 580 625-3430

DARROLD STRONG JOHN HERZER RICHARD COWAN

August 29, 2003

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

Finding 2002-1

Title 19 § 684 states "All monies that shall be received during any calendar month by any county officer, shall be paid into the county treasury, by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies shall have been received; and it shall be the further duty of all such officers, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof." Good internal controls dictate that the county officer balance with the county treasurer.

We concur with the Auditor's comments and are implementing the following procedural changes:

County Assessor has submitted all late reports and will comply with Title 19 § 684 for all future reports.

Finding 2002-2

Good internal controls require that accurate records be retained and maintained in a manner that facilitates internal review and external audit, as necessary.

We concur with the Auditor's comments and are implementing the following procedural changes:

The Fair Board will no longer pay out with cash. They will deposit monies received into their depository account in the Treasurer's office and write a depository voucher when needed.

Finding 2002-3

Title 19 § 178.3 states, "The county clerk shall be custodian and repository of all inventory records, files and reports."

We concur with the Auditor's comments and are implementing the following procedural changes:

County Clerk has removed disposed inventory from the active inventory listing.

Finding 2002-4

Title 19 § 1502B states "The board of county commissioners shall:

1. Prescribe a uniform identification system for all supplies, materials and equipment for 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 (250) 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 (500) or more and not used in the construction and maintenance of roads and bridges.

We concur with the Auditor's comments and are implementing the following procedural changes:

Inventory and equipment for the Beaver County Transit Bus has been marked with identification numbers.

Finding 2002-5

Title 19 § 178.1 states in part "The board of county commissioners shall take or cause to be taken, a continuous 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, ...the cost of which as to each complete working unit thereof is more than (\$250) ...and maintain thereafter with regard to disposition..."

We concur with the Auditor's comments and are implementing the following procedural changes:

Inventory list has been corrected.

Finding 2002-6

Title 19§ 645 states in part "The board of county commissioners shall cause each piece of county-owned , rented or leased road machinery and equipment, and each automobile and truck, to be conspicuously and legibly marked with the county's name on each side in upper case letters, on a background of sharply contrasting color.

We concur with the Auditor's comments and are implementing the following procedural changes:

Numbers and decals have been ordered for equipment.

Finding 2002-7

Good internal controls dictate that a periodic inventory of consumable inventory items and maintenance of accurate records of inventory items.

We concur with the Auditor's comments and are implementing the following procedural changes:

Consumable inventory has been corrected.

Finding 2002-8

According to 19§ 1505(G)(2), "...a monthly report of the road and bridge projects completed during said period shall be prepared by the consuming department and filed with the county clerk. The report shall contain a record of the date, place and the purpose for the use of the road and bridge items or materials."

We concur with the Auditor's comments and are implementing the following procedural changes:

Monthly summary report of consumable items will be filed with the County Clerk.

Finding 2002-9

In accordance with Title 68 § 3010, the State Auditor and Inspector may: "add or substitute, and define, other items of appropriation where necessary, to fulfill special functions..."

We concur with the Auditor's comments and are implementing the following procedural changes:

The Sheriff's Cash Fund now has a separate lease purchase account for making lease purchase payments.



Attest,

Karen Schell
Karen Schell, County Clerk

Board of County Commissioners

Darold Strong
Darold Strong, Chairman

John Herzer
John Herzer, Member

Richard Cowan
Richard Cowan, Member

**Statistical Data
(Unaudited)**

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

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Northern Natural Gas Company	\$ 7,956,809	8.97%
2 Duke Energy Field Service	6,763,119	7.62%
3 Seaboard Farm Inc.	4,705,743	5.30%
4 CMS Continental Natural Gas	3,339,304	3.76%
5 Colorado Interstate Gas	2,901,834	3.27%
6 Mid America Pipeline Company	2,891,264	3.26%
7 Panhandle Telephone Coop	1,734,971	1.96%
8 Questar Gas Management	1,654,263	1.87%
9 Land O'Lakes Inc.	1,545,854	1.74%
10 Panhandle Field Service	1,443,852	1.63%
Total	<u>\$ 34,937,013</u>	<u>39.38%</u>

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

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

Total net assessed value as of January 1, 2001		<u>\$ 88,708,837</u>
Debt limit - 5% of total assessed value		\$ 4,435,442
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 4,435,442</u>

**BEAVER COUNTY, OKLAHOMA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
 VALUE AND NET BONDED DEBT PER CAPITA
 FOR THE YEAR ENDED JUNE 30, 2002
 (UNAUDITED)**

	2002
Estimated population	6,016
Net assessed value	\$ 88,708,837
Gross bonded debt	-
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

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

<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2001	\$28,886,357	\$27,312,131	\$33,946,968	\$36,619	\$88,708,837	\$15,665,821