

**BLAINE COUNTY, OKLAHOMA  
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

February 21, 2003

TO THE CITIZENS OF  
BLAINE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Blaine 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 cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

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

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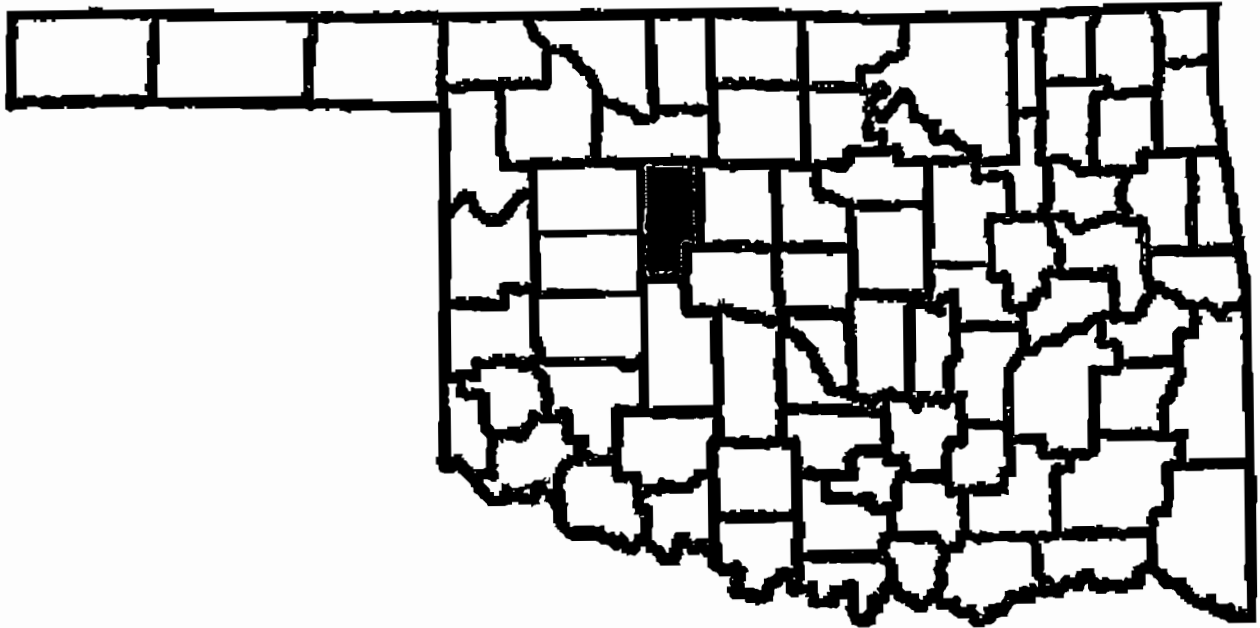
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REPORT TO THE CITIZENS  
OF  
BLAINE COUNTY, OKLAHOMA

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Originally designated as "C" County in 1890, Blaine was adopted as the county name in November 1892, in honor of James G. Blaine, U.S. Senator, House Speaker, and Republican presidential candidate in 1884.

Blaine County is the site of the first gypsum mill in Oklahoma Territory, the Ruby Stucco Mill. Southard, located in the north central part of the county, is the site of one of the purest gypsum deposits in the United States. The U.S. Gypsum Company is the largest industrial plant in the county.

The International Association of Rattlesnake Hunters has headquarters in Okeene, which is also the site of its Jaycees Annual Rattlesnake Hunt. The Canton Lake Walleye Pike Rodeo and Fishing Derby occur annually. Roman Nose State Park is located seven miles north of Watonga.

County Seat - Watonga

Area - 928.6 Square Miles

County Population - 10,284  
(1999 est.)

Farms - 841

Land in Farms - 546,677 Acres

Source: Oklahoma Almanac 2001 - 2002

See independent auditor's report

**COUNTY ELECTED OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Rosemary Neely  
(D) Geary

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**  
Sharon R. Gates  
(D) Watonga

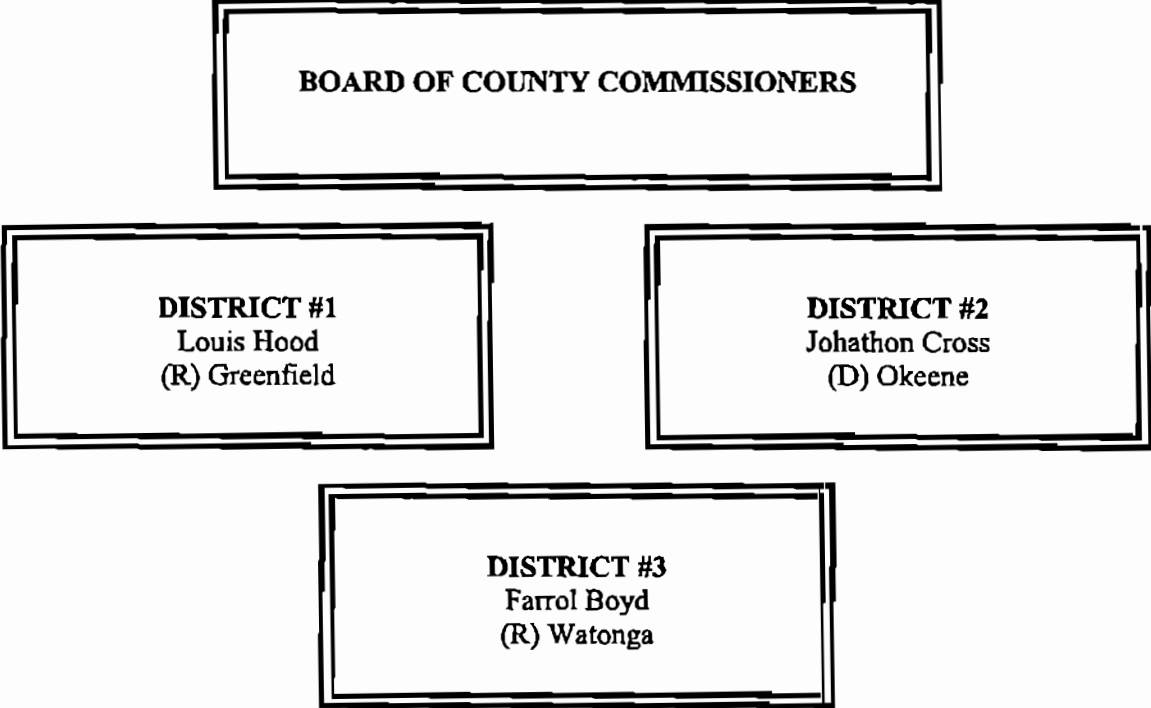
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**COUNTY ELECTED OFFICIALS  
AND RESPONSIBILITIES**

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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.

**COUNTY ELECTED OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Ricky G. Ainsworth  
(R) Watonga

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**  
Donna Hoskins  
(R) Watonga

All revenues received 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 revenues and expenditures, 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 ELECTED OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Rebekah Haney  
(R) Hitchcock

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**  
Cathy Stocker  
(R) Enid

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.



**COUNTY ELECTED OFFICIALS  
AND RESPONSIBILITIES**

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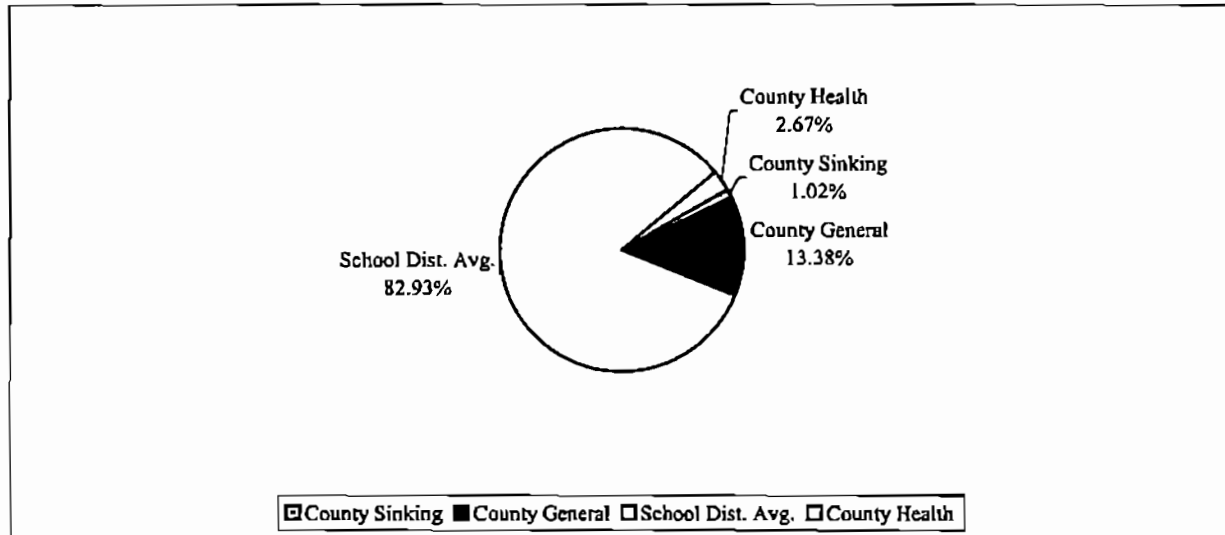
**ELECTION BOARD SECRETARY**  
Jane Crawford  
(D) Watonga

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 operating expenses 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 TAX DISTRIBUTION  
BLAINE 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						
			General	Building	Sinking	Vo-Tech	Common	Total
Co. General	10.62	I-9 Okeene	36.89	5.27	8.06	-	4.25	54.47
County Health	2.12	I-9 Okeene HR	36.89	5.27	8.06	10.53	4.25	65.00
County Sinking	0.81	I-42 Watonga	36.82	5.26	10.71	10.53	4.25	67.57
		I-80 Geary	38.31	5.47	0.09	-	4.25	48.12
EMS Millages		I-105 Canton	37.03	5.29	10.69	13.75	4.25	71.01
Canton-Longdale	3.17	I-84 Major	36.88	5.27	12.71	13.75	4.25	72.86
Geary	3.25	I-92 Major	35.00	5.00	4.56	15.00	4.25	63.81
Okeene	3.16	J-3 Kingfisher	37.37	5.34	12.07	10.53	4.25	69.56
		J-7 Custer	37.03	5.29	20.23	-	4.25	66.80
		J-11 Caddo	37.68	5.38	23.97	11.81	4.25	83.09
		J-3 Caddo	35.17	5.02	5.38	11.81	4.25	61.63

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  
BLAINE COUNTY, OKLAHOMA

We have audited the accompanying primary government financial statements of Blaine County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of Blaine 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 and the report of the other auditors provide a reasonable basis for our opinion.

As discussed in Note (1A), the financial statements referred to above do not include the financial statements of the Blaine County Industrial Authority, a component unit of Blaine County, which should be included in order to conform with accounting principles generally accepted in the United States of America. Those financial statements, which are prepared by other auditors, were not available for inclusion in our report.

As explained in Note (1H), the primary government financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

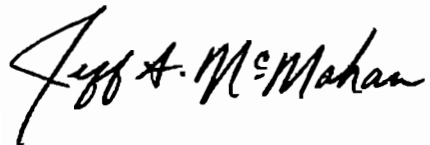
A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, department, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effect on the financial statements of the omission of the general fixed assets account group described in the preceding paragraph, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of Blaine County, Oklahoma, as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include financial data of the component units of Blaine County, do not purport to, and do not, present fairly the financial position of Blaine County, Oklahoma, as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2003, on our consideration of Blaine 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 primary government financial statements of Blaine County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole. The other information listed in the table of contents under *Introductory Section* has not been audited by us and accordingly, we express no opinion on such data.

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

January 27, 2003

**Primary Government Financial Statements**

**BLAINE COUNTY, OKLAHOMA  
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUP  
AND DISCRETELY PRESENTED COMPONENT UNIT  
JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	AGENCY	GENERAL LONG - TERM DEBT	
<b>ASSETS</b>						
Cash and investments	\$ 721,333	\$ 3,144,032	\$ 54,794	\$ 3,473,848	\$	\$ 7,394,007
Ad valorem taxes receivable	4,672	933	344	27,511		33,460
Due from other governments	1,598	252,410		160,435		414,443
Accrued interest receivable	6,465	2,360		9,951		18,776
Amount available in debt service fund					55,138	55,138
Amount to be provided for retirement of general long-term debt					181,862	181,862
Amount to be provided for capitalized lease purchase agreements					725,073	725,073
<b>Total assets</b>	<u>\$ 734,068</u>	<u>\$ 3,399,735</u>	<u>\$ 55,138</u>	<u>\$ 3,671,745</u>	<u>\$ 962,073</u>	<u>\$ 8,822,759</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Warrants payable	\$ 42,772	\$ 238,581	\$	\$	\$	\$ 281,353
Accounts payable	14,003	65,373				79,376
Due to other taxing units				3,406,845		3,406,845
Due to others				264,900		264,900
Capitalized lease obligations payable					725,073	725,073
Bonds payable					237,000	237,000
<b>Total liabilities</b>	<u>56,775</u>	<u>303,954</u>	<u>-</u>	<u>3,671,745</u>	<u>962,073</u>	<u>4,994,547</u>
<b>Fund balances:</b>						
Reserved for encumbrances	2,083	97,349				99,432
Reserved for debt service			55,138			55,138
<b>Unreserved:</b>						
Undesignated	675,210	2,998,432				3,673,642
<b>Total fund equity</b>	<u>677,293</u>	<u>3,095,781</u>	<u>55,138</u>	<u>-</u>	<u>-</u>	<u>3,828,212</u>
<b>Total liabilities and fund balances</b>	<u>\$ 734,068</u>	<u>\$ 3,399,735</u>	<u>\$ 55,138</u>	<u>\$ 3,671,745</u>	<u>\$ 962,073</u>	<u>\$ 8,822,759</u>

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

**BLAINE COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES			TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	
<b>Revenues:</b>				
Ad valorem taxes	\$ 680,592	\$ 158,673	\$ 49,702	\$ 888,967
Charges for services	75,096	98,434		173,530
Intergovernmental revenues	208,033	2,910,164	2,307	3,120,504
Miscellaneous revenues	209,371	86,289		295,660
Total revenues	<u>1,173,092</u>	<u>3,253,560</u>	<u>52,009</u>	<u>4,478,661</u>
<b>Expenditures:</b>				
Current operating:				
General government	825,142	123,992		949,134
Public safety	215,363	215,424		430,787
Health and welfare		106,916		106,916
Education	12,566			12,566
Roads and highways		3,821,383		3,821,383
Debt Service:				
Interest and fiscal agent charges			7,110	
Total expenditures	<u>1,053,071</u>	<u>4,267,715</u>	<u>7,110</u>	<u>5,327,896</u>
Excess revenues over (under) expenditures	<u>120,021</u>	<u>(1,014,155)</u>	<u>44,899</u>	<u>(849,235)</u>
<b>Other financing sources:</b>				
Capitalized lease agreements		351,456		351,456
Total other financing sources	<u>-</u>	<u>351,456</u>	<u>-</u>	<u>351,456</u>
Excess revenues and other sources (under) expenditures	120,021	(662,699)	44,899	(497,779)
Beginning fund balances	557,272	3,758,480	10,239	4,325,991
Ending fund balances	<u>\$ 677,293</u>	<u>\$ 3,095,781</u>	<u>\$ 55,138</u>	<u>\$ 3,828,212</u>

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

**BLAINE COUNTY, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**-BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE**  
**(COUNTY HEALTH DEPARTMENT ONLY) FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 538,638	\$ 538,548	\$ (90)	\$ 51,268	\$ 51,268	\$ -
Revenues:						
Ad valorem taxes	619,131	679,556	60,425	123,593	135,636	12,043
Charges for services	68,759	75,096	6,337		2,283	2,283
Intergovernmental revenues	110,669	208,153	97,484		59	59
Miscellaneous revenues	59,404	214,947	155,543			
Total revenue, budgetary basis	<u>857,963</u>	<u>1,177,752</u>	<u>319,789</u>	<u>123,593</u>	<u>137,978</u>	<u>14,385</u>
Expenditures:						
General government	1,033,104	829,224	203,880			
Public safety	216,933	216,579	354			
Health and welfare	3,500		3,500	174,861	114,199	60,662
Education	12,800	12,593	207			
Roads and highways	130,264		130,264			
Total expenditures, budgetary basis	<u>1,396,601</u>	<u>1,058,396</u>	<u>338,205</u>	<u>174,861</u>	<u>114,199</u>	<u>60,662</u>
Excess of revenues and beginning fund balances over expenditures, budgetary basis	<u>\$ -</u>	657,904	<u>\$ 657,904</u>	<u>\$ -</u>	75,047	<u>\$ 75,047</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances						
Add: Ad valorem receivable		4,672			933	
Accrued interest		6,465				
Due from other governments		1,598				
Reserved for encumbrances		2,083			8,071	
Adjustment to prior year reserved for encumbrances		4,571			190	
Ending fund balances		<u>\$ 677,293</u>			<u>\$ 84,241</u>	

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



**Notes to the Financial Statements**

1. Summary of Significant Accounting Policies

The financial statements of Blaine County are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

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.

In accordance with the GASB Statement No. 14, *The Financial Reporting Entity*, the County is required to present the entities that comprise the primary government and its legally separate component units in the fiscal year 2002 financial statements.

Excluded Component Unit

Blaine County Industrial Authority - The Authority is a public trust created under Title 60 of the Oklahoma Statutes on July 5, 1967. The purpose of the trust is to hold property, proceeds, rents and profits for the use and benefits of Blaine County in order to promote development of industry within the County. On August 7, 2000, the Blaine County Board of County Commissioners passed a resolution allowing the remaining debt of \$260,347.54 to be added to the tax levy for Blaine County and the remaining \$5,000.15 to be transferred to the General Sinking Fund. The Authority is not included in the County's financial statements because financial statements are not available.

Related Organizations Excluded From the Reporting Entity

The County's officials are responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. These organizations are not included in the financial statements.

BLMA Solid Waste Disposal Authority

Board members are appointed by Blaine and Major counties. Board members are all-authoritative. The County is not responsible for approving budgets, contracts, key personnel, fiscal matters, or day-to-day operations of the Authority. The Authority was inactive during the fiscal year.

Summary of Significant Accounting Policies (continued)

Blaine County Economic Development Authority

Two Board members are appointed by the County and three by the City. Board members are all-authoritative. The County is not responsible for approving budgets, contracts, key personnel, fiscal matters, or day-to-day operations of the Authority. The Authority was inactive during the fiscal year.

B. Fund Accounting

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into the following categories: governmental and fiduciary. Each category in turn is divided into separate fund types.

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are generally used to account for assets that the government holds on behalf of others as their agent.

Summary of Significant Accounting Policies (continued)

Account Groups

General Fixed Assets Account Group (GFAAG) - Generally accepted accounting principles (GAAP) require that those fixed assets of a government not reported in a proprietary fund or a trust fund be reported in a general fixed assets account group (GFAAG). This account group is not a fund. It does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the government's fixed assets and is designed to ensure accountability.

General Long-Term Debt Account Group (GLTDAG) — The general long-term debt account group (GLTDAG) is used to account for a government's unmatured long-term indebtedness that has not been identified as a specific fund liability of a proprietary or trust fund. In addition to general obligation debt instruments (e.g., bonds, notes, warrants), the GLTDAG is also used to report revenue bonds that will be repaid from general government resources, special assessment debt when the government is "obligated in some manner," special revenue bonds, and certain liabilities that are normally not expected to be liquidated with expendable available financial resources (e.g., capitalized lease-purchase obligations).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified-accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified-accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if collected within 60 days after year-end. Expenditures are recorded when incurred and the related fund liability is expected to be paid from available spendable resources. Principal and interest on general long-term debt are recorded as fund expenditures when paid or when amounts for principal and interest have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, interest revenue, and other taxes collected and held by the Oklahoma Tax Commission at year-end on behalf of the government. Charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Summary of Significant Accounting Policies (continued)

D. Budgetary Policies and Procedures

Under current Oklahoma Statutes, the general fund is required to adopt a formal budget. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other cash 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 and special revenue funds.

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

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue (County Health Department only) Funds 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

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. Receivables

All receivables are reported at their gross value.

G. Interest Receivable

Interest on deposits and investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Summary of Significant Accounting Policies (continued)

H. Fixed Assets

While the County presently maintains some individual records of personal property, it does not keep similar records for land, buildings, and improvements. For this reason, a Statement of General Fixed Assets, required by generally accepted accounting principles, is not presented on the Combined Balance Sheet—All Fund Types and Account Group.

I. 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 - 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-Insured Group. (See ACCO-SIG.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed pool assets, 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. (See ACCO-SIF)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

Summary of Significant Accounting Policies (continued)

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 pays a deductible amount (\$1,000 to \$10,000; Blaine County has a \$7,500 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool pays 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 pays 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 assessed additional premiums to be paid by its members in the past three years.

The County continues to carry commercial insurance for employees' health and accident insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. No significant reductions in insurance coverage occurred during the fiscal year ended June 30, 2002.

J. Compensated Absences

The County accrues a liability for future vacation benefits. Vacation benefits are earned by the employee during the year and may be accumulated up to 15 days per year. In management's opinion, such an amount if recorded would not be material to the financial statements.

The County does not accumulate sick leave. From the date of employment, a full-time employee accrues up to 1.25 days of sick leave per month. An employee may accrue up to 19 days of sick leave. No liability for such has been recorded. In management's opinion, such an amount if recorded would not be material to the financial statements.

K. Long-Term Obligations

The County reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

Summary of Significant Accounting Policies (continued)

L. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Interfund transactions, if any, have not been eliminated from the total column of each financial statement.

M. Grant Revenue

Revenues from federal and state grants are recognized when expenditures are incurred.

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 Blaine County Board of County Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the county excise board.

3. Detailed Notes on Account Balances

A. Deposits

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- General obligation 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

At year-end, the carrying amount of the County's deposits was \$7,394,007, and the bank balance was \$ 7,380,238. 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.



Detailed Notes on Account Balances (continued)

**B. Receivables**

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 net assessed property value as of January 1, 2001, was \$64,128,421.

The County levied 10.62 mills (the legal maximum) for general fund operations, 2.12 mills for County Health Department, .81 mills for County Sinking, 3.17 mills for Canton-Longdale Emergency Medical Service, 3.25 mills for Geary Emergency Medical Service, and 3.16 mills for Okeene Emergency Medical Service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and apportions 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 before 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 98.56 percent of the levy for tax year 2001.

**C. Pension Plan**

Plan Description. Blaine 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.

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

Detailed Notes on Account Balances (continued)

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation that is performed to determine the adequacy of contribution rates. County employees are required to contribute from 3.5% to 8.5% of earned compensation. Blaine County contributed from 5.0% to 10% of earned compensation for fiscal year 2002. Elected officials may contribute from 4.5% to 10% of their entire compensation. The County contributed 10% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2002, 2001, and 2000, were \$146,624, \$142,095, and \$145,082, respectively, equal to the required contributions for each year.

D. Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest-free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all subsequent pieces of machinery acquired. The one-time fee is reported as interest. Oklahoma statutes prohibit the County from entering into contracts of this nature longer than one year. For this reason, these lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the County. However, because it is the County's intent to exercise its right to purchase this property, the lease-purchase agreements have been capitalized to conform to generally accepted accounting principles. The unpaid portions of these agreements have been reflected as capitalized lease obligations within the general long-term debt account group.

Providing all capital leases are renewed each year by resolution of the Board of County Commissioners, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2002, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$281,582	\$32,688	\$314,270
2004	196,281	18,464	214,745
2005	110,672	10,871	121,543
2006	74,828	5,624	80,452
2007	<u>61,710</u>	<u>1,574</u>	<u>63,284</u>
Totals	<u>\$725,073</u>	<u>\$69,221</u>	<u>\$794,294</u>

During the year, the County capitalized leases totaling \$351,456 and paid \$267,649 on the outstanding balances of lease-purchase agreements.

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

Detailed Notes on Account Balances (continued)

E. Long-Term Debt

The Blaine County Industrial Authority (BCIA) issued \$300,000 in Blaine County General Obligation Limited Tax Bonds, Series 1997 dated April 1, 1997, maturing July 1, 2000, through July 1, 2007. The bond proceeds were loaned to Prestige Cedar Products, Inc. During the fiscal year ending June 30, 1999, Prestige Cedar Products, Inc. voluntarily returned collateral to BCIA. A public auction was held in December 1998 and proceeds were deposited to the Blaine County Sinking Fund. Funds were inadequate to retire the General Obligation Bonds, but BCIA utilized the proceeds from the sale of the collateral to retire debt on the General Obligations Bonds as scheduled until funds were depleted. The Blaine County Commissioners passed a resolution on August 7, 2000, allowing the remaining debt to be added to the tax rolls until paid.

Prestige Cedar Product, Inc. filed for Bankruptcy Chapter 13 (case no, 00-40295 M) Eastern and Western Districts of Arkansas. The case was dismissed without the debtors receiving a discharge on March 22, 2000. Authority attorneys are pursuing necessary legal action to secure the Authority's interest in remaining assets of Prestige Cedar shareholders.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at June 30, 2002 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General Obligation Limited Tax Bonds, Series 1997	6%	237,000

Annual debt service requirements to maturity for general obligations bonds, including interest of \$45,150, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 34,000	\$13,200	\$ 47,200
2004	36,000	11,100	47,100
2005	38,000	8,880	46,880
2006	40,000	6,540	46,540
2007	43,000	4,050	47,050
2008	<u>46,000</u>	<u>1,380</u>	<u>47,380</u>
Totals	<u>\$237,000</u>	<u>\$45,150</u>	<u>\$282,150</u>

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

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Detailed Notes on Account Balances (continued)

**F. Changes in Long-Term Liabilities**

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2002</u>
Capital leases	\$641,266	\$ 351,456	\$267,649	\$725,073
Bonds payable	<u>237,000</u>	<u>-</u>	<u>-</u>	<u>237,000</u>
Total	<u>\$878,266</u>	<u>\$351,456</u>	<u>\$269,611</u>	<u>\$962,073</u>

**G. Fund Balance**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Designations of fund balances represent tentative plans for future use of financial resources, which are available for appropriation. Specific reservations of the fund balance accounts are summarized below.

Reserved for Encumbrances

The reserve for encumbrances represents encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

Reserved for Debt Service

The reserve for debt service was established to indicate that the fund balance or portion thereof is required by law to be used for the payment of any outstanding bonds, interest, or judgments against the County.

**H. Fuel Taxes**

The County receives major funding for the 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's population, road miles, and land area and is remitted to the county highway fund. These funds are earmarked for roads and highways only and are accounted for in the county highway fund. The county highway fund is reported herein as "special revenue," and the fuel-tax revenue is presented as "intergovernmental."

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, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**Schedule of Expenditures of Federal Awards**

**BLAINE COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2002**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Passed through the Oklahoma Department of Civil Emergency Management		
Public Assistance Grant Program	83.544	\$ 312,462
Hazard Mitigation - Safe Room	83.548	2,360
Hazardous Materials		
Emergency Preparedness Sector		
Planning Grant (LEPC)	20.703	<u>1,125</u>
Total Federal Emergency Management Agency		<u>315,947</u>
Total Expenditures of Federal Awards		<u>\$ 315,947</u>

**Basis of Presentation**

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

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





STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
BLAINE COUNTY, OKLAHOMA

We have audited the primary government financial statements of Blaine County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 27, 2003. We qualified our opinion because the general fixed assets account group was not included in the financial statements. 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 Blaine County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Blaine County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 1996-1, 2001-1 and 2002-1.

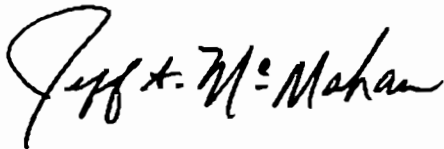
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 1996-1, 2001-1, and 2002-1 to be material weaknesses.

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

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

January 27, 2003

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
BLAINE COUNTY, OKLAHOMA

Compliance

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

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

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

Internal Control Over Compliance

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

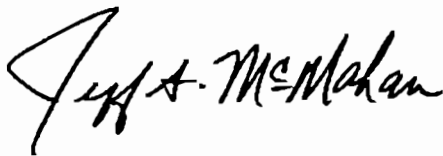
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a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

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

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

January 27, 2003

**Schedule of Findings and Questioned Costs**

**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2002**

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SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified – Primary Government
Internal control over financial reporting:	Adverse – Total Reporting Entity
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Federal Emergency Management Agency (FEMA) Public Assistance Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	No

**BLAINE COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2002**

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**SECTION 2 - Financial Statement Findings**

**Finding 1996-1 – Fixed Assets**

**Criteria:** Generally accepted accounting principles for a governmental entity using governmental fund types require the presentation of the general fixed assets account group (GFAAG) in the financial statements.

**Title 19 O.S. 2001, § 178.1** requires the County to maintain necessary information regarding land, buildings, and improvements.

**Condition:** Information is not available for reporting general fixed assets in accordance with generally accepted accounting principles for a government entity. The general fixed assets control account is not accurate.

**Effect:** This component of internal control is not as effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

**Recommendation:** We recommend records include acquisition cost, a complete description, purchase date, location of such assets, and that a control total of cost of these assets be maintained and reconciled annually.

**Finding 2001-1 - Component Unit**

**Criteria:** Governmental Accounting Standards Board Statement No. 14 requires that a component unit's financial position and activity be included with the financial statements of the reporting entity.

**Condition:** Financial statements for Blaine County Industrial Authority were not available for inclusion with the primary government financial statements at the date of our audit.

**Effect:** We could not include the financial position or activity of the component unit in the financial statements of the County.

**Recommendation:** We recommend the County require the financial preparers of the above component unit to prepare and present the financial statements compatible for inclusion with the financial statements of the County in a timely manner, so that they may be included in accordance with GASB 14.



**BLAINE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2002**

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**Finding 2002-1 – Segregation of Duties**

**Criteria:** Good internal controls dictate that employees who process cash transactions be segregated from the duties of depositing funds, posting bookkeeping records, and reconciling reports of collection activity.

**Condition:** In some county offices, one employee performs all the duties of balancing and posting receipts, and processing disbursement transactions.

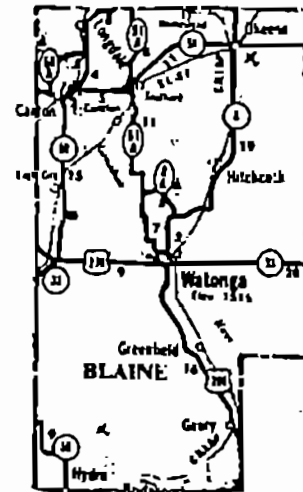
**Recommendation:** We recommend that management be aware of the possibility of weakened internal controls when all collection activity duties are the responsibility of one employee. Although it may not be feasible to divide these duties to the extent described above, it is desirable for management to review transactions and cross train employees to perform these duties to provide adequate control over funds collected in each office.

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

No matters reported.

## **Management Response**

# BLAINE COUNTY COMMISSIONERS



February 10, 2003

Mr. Jeff McMahan  
Oklahoma State Auditor & Inspector  
1401 Lerø, Suite 9  
Weatherford, OK 73096

Dear Mr. McMahan:

This letter is in response to findings in our audit for 2001-2002.

**Finding 1996-1 - General Fixed Assets**

We are continuing our endeavors to comply with Oklahoma State Statutes regarding this matter.

**Finding 2001-1 - Component Unit**

The Financial Statement for the Blaine County Industrial Authority for FY 2000-2001 has been completed and signed and we are in receipt of a copy. The Financial Statement for FY 2001-2002 has not been completed. We will receive a copy as soon as it has been finished and signed.

**Finding 2002-1 - Segregation of Duties**

We make every effort to assure that all funds received are accounted for in the proper manner. All County Clerk, Assessor and Election Board employees know how to accept fees, balance books and make deposits.

We look forward to working with you and your employees in the future.

Sincerely,

A handwritten signature in cursive script that reads "Farrol Boyd".

Farrol Boyd  
Chairman

FB/sg