

COAL COUNTY, OKLAHOMA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2001

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

March 20, 2002

TO THE CITIZENS OF
COAL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Coal County, Oklahoma, for the fiscal year ended June 30, 2001. 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 that is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

COAL COUNTY, OKLAHOMA

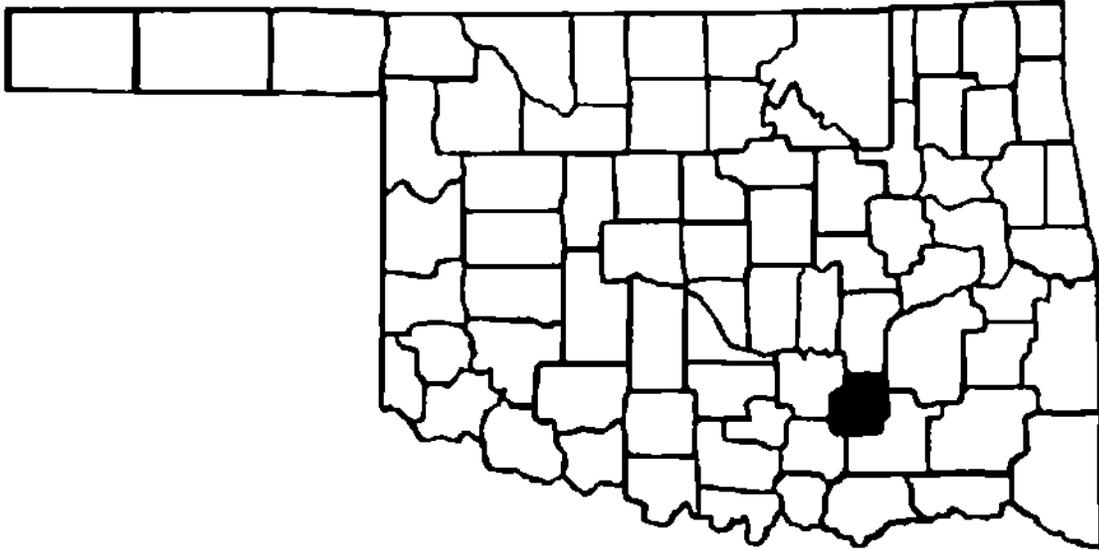
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

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REPORT TO THE CITIZENS
OF
COAL COUNTY



Coal County was formerly a part of Tobucksy County, Choctaw Nation. Coal County is located in southeastern Oklahoma and was created at statehood and named for the primary economic product of the region.

Coal mining was once the major industry of the county, but has been dormant since 1958. Mementos of this era may be found in the Coal County Historical and Miners Museum in Coalgate, the county seat.

While agriculture is now considered to be the primary economic mainstay of the county, businesses such as the Wrangler Garment Plant and Mary Hurley Hospital also contribute to the economy of the community.

Coal County History Book is available from the local genealogical society in Coalgate. For more county information, call the county clerk's office at 580/927/2103.

County Seat - Coalgate

Area - 518.2 Square Miles

County Population - 6,126
(1999 est.)

Farms - 586

Land in Farms - 272,894 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

COUNTY OFFICIALS
AND RESPONSIBILITIES

<p>COUNTY ASSESSOR Cherry Hefley (D) Coalgate</p>

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, and assesses it at no more than 35 percent of its fair cash value.

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.

« »

<p>COUNTY CLERK Marie DePasse (D) Calvin</p>
--

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 one's 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.

« »

BOARD OF COUNTY COMMISSIONERS

DISTRICT #1
Alvin Pebworth
(D) Coalgate

DISTRICT #2
Johnny D. Ward
(D) Coalgate

DISTRICT #3
David Franklin
(D) Lehigh

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 SHERIFF
Roy Deck
(D) Coalgate

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
Carol Denson
(D) Olney

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.

« »

COURT CLERK
Betty McCurry
(D) Coalgate

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of County and State Government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

« »

DISTRICT ATTORNEY
James Thornley
(D) Atoka

As the chief attorney for County Government, the District Attorney acts as the legal advisor to the County Officers on matters related to their duties. When any County in the District is involved in civil litigation, the District Attorney serves as its defender or prosecutor. County Officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

« »

ELECTION BOARD SECRETARY
Ross Reed
(D) Coalgate

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. State and County split the election costs, but Counties must pay for any County elections not held concurrently with State elections.

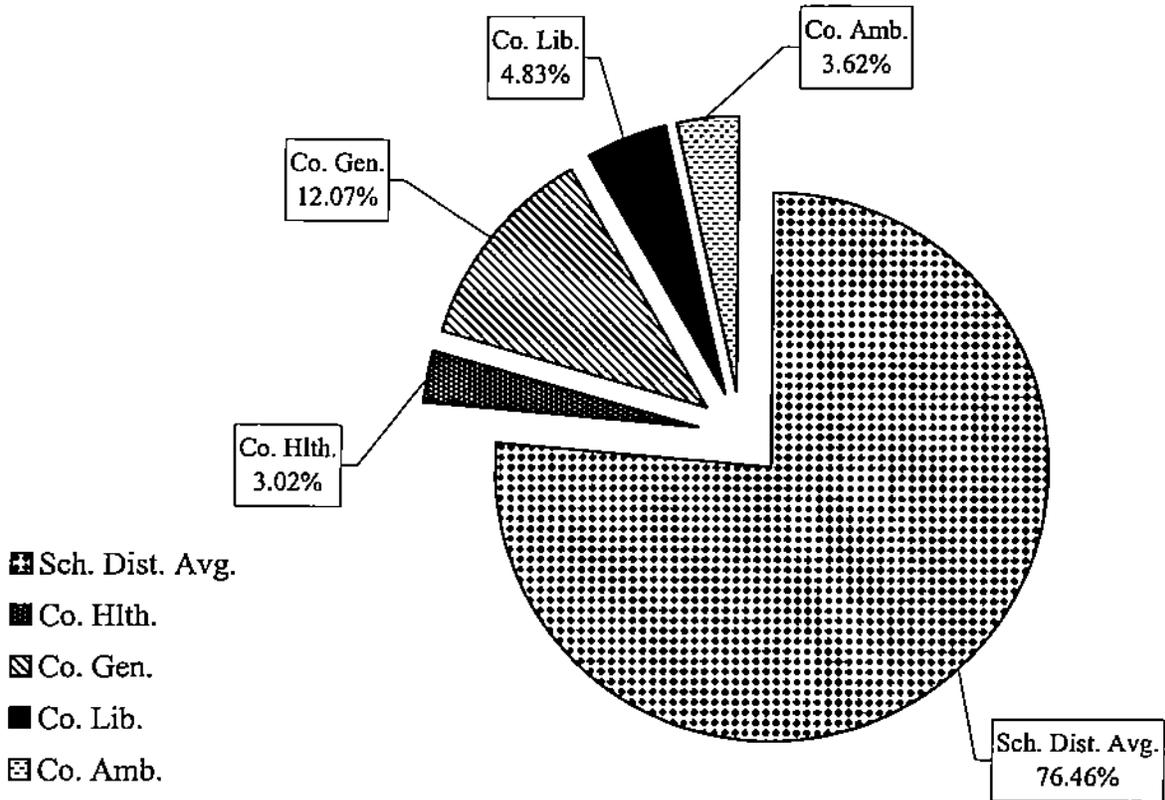
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AD VALOREM TAX DISTRIBUTION

COAL 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 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:

			<u>Gen.</u>	<u>Bldg.</u>	<u>Skg.</u>	<u>Vo-Tech</u>	<u>Common</u>	<u>Total</u>
Co. General Fund	10.00	I-1 Coalgate	35.00	5.00	11.33	12.00	4.00	67.33
Co. Health	2.50	I-2 Tupelo	35.00	5.00	13.94	12.00	4.00	69.94
Co. Library	4.00	I-4 Olney	35.00	5.00	0.00	12.00	4.00	56.00
Co. Ambulance	3.00	D-4 Cottonwood	35.00	5.00	12.39	12.00	4.00	68.39
		JI-15 Atoka	35.00	5.00	0.00	12.00	4.00	56.00
		JI-48 Calvin	36.58	5.22	0.00	12.00	4.00	57.80
<u>Cities & Towns</u>		JI-30 Stonewall	35.00	5.00	12.60	12.00	4.00	68.60
		JI-1 Allen	35.00	5.00	4.58	12.00	4.00	60.58
Coalgate	8.80	JI-37 Wapanucka	35.00	5.00	9.33	12.00	4.00	65.33

See independent auditor's report.



STATE OF OKLAHOMA
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STATE AUDITOR AND INSPECTOR

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INDEPENDENT AUDITOR'S REPORT

TO THE OFFICERS OF
COAL COUNTY

We have audited the accompanying general-purpose financial statements of Coal County, Oklahoma, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of Coal County's management. Our responsibility is to express an opinion on these general-purpose 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.

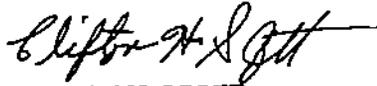
As explained in Note 1(H), the general-purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in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

In our opinion, except for the effect on the general-purpose financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Coal County, Oklahoma, as of June 30, 2001, 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 February 25, 2002, on our consideration of Coal 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 general-purpose financial statements of Coal 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 general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose 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,



CLIFTON H. SCOTT
State Auditor and Inspector

February 25, 2002

COMBINED STATEMENTS
(General-Purpose Financial Statements)

COAL COUNTY, OKLAHOMA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>ASSETS</u>			
Cash	\$ 49,270	\$ 938,636	\$ 7,672
Ad valorem taxes receivable	1,268	317	-
Sales tax receivable	-	17,165	-
Accrued interest receivable	459	481	-
Due from other governments	267	116,181	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount to be provided for capitalized lease agreements	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 51,264</u>	<u>\$ 1,072,780</u>	<u>\$ 7,672</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 7,698	\$ 43,874	\$ -
Accounts payable	1,109	194,899	7,627
Due to other taxing units	-	-	-
Due to others	-	-	-
Revenue note payable	-	-	-
Capitalized lease obligations payable	-	-	-
Total liabilities	<u>8,807</u>	<u>238,773</u>	<u>7,627</u>
Fund balances:			
Reserved for encumbrances	-	8,000	-
Reserved for debt service	-	-	45
Unreserved:			
Undesignated	42,457	826,007	-
Total fund balance	<u>42,457</u>	<u>834,007</u>	<u>45</u>
Total liabilities and fund balance	<u>\$ 51,264</u>	<u>\$ 1,072,780</u>	<u>\$ 7,672</u>

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

<u>Fiduciary Fund Types</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
Trust and Agency	General Long-Term Debt	
\$ 185,139	\$ -	\$ 1,180,717
9,523	-	11,108
-	-	17,165
50	-	990
4,285	-	120,733
-	45	45
-	209,828	209,828
-	558,008	558,008
<u>\$ 198,997</u>	<u>\$ 767,881</u>	<u>\$ 2,098,594</u>
\$ -	\$ -	\$ 51,572
-	-	203,635
66,594	-	66,594
132,403	-	132,403
-	209,873	209,873
-	558,008	558,008
<u>198,997</u>	<u>767,881</u>	<u>1,222,085</u>
-	-	8,000
-	-	45
-	-	868,464
-	-	876,509
<u>\$ 198,997</u>	<u>\$ 767,881</u>	<u>\$ 2,098,594</u>

COAL COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

Revenues:

- Ad valorem taxes
- Sales tax
- Charges for service
- Intergovernmental revenues
- Miscellaneous revenues
- Total revenues

Expenditures:

Current operating:

- General government
- Public safety
- Culture and recreation
- Health and welfare
- Roads and highways

Debt Service:

- Principal retirement
- Interest and fiscal agent charges
- Total expenditures

Excess of revenues over
(under) expenditures

Other financing sources (uses):

- Operating transfers (out) in
- Sale of equipment
- Capitalized lease agreements
- Total other financing sources (uses)

Excess of revenues and other sources over (under)
expenditures and other uses

Beginning fund balances

Ending fund balances

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

COAL 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, 2001

	General		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 7,266	\$ 6,822	\$ (444)
Revenues:			
Ad valorem taxes	277,271	288,684	11,413
Charges for services	31,890	44,867	12,977
Intergovernmental revenues	63,586	71,013	7,427
Miscellaneous revenues	15,481	25,501	10,020
Total revenues, budgetary basis	<u>388,228</u>	<u>430,065</u>	<u>41,837</u>
Expenditures:			
Current operating:			
General government	287,374	288,461	(1,087)
Public safety	107,720	107,636	84
Health and welfare	-	-	-
Roads and highways	400	327	73
Total expenditures, budgetary basis	<u>395,494</u>	<u>396,424</u>	<u>(930)</u>
Excess of revenues and beginning fund balances over (under) expenditures	-	40,463	40,463
Other financing sources (uses):			
Operating transfers (out) in	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues, other sources, and beginning fund balance over (under) expenditures and other uses, budgetary basis	<u>\$ -</u>	40,463	<u>\$ 40,463</u>
Reconciliation to Statement of Revenues Expenditures, and Changes in Fund Balances			
Add: Ad valorem taxes receivable		1,268	
Accrued interest		459	
Due from other governments		267	
Ending fund balances		<u>\$ 42,457</u>	

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

Governmental Fund Types			Totals
General	Special Revenue	Debt Service	(Memorandum Only)
\$ 288,651	\$ 85,525	\$ -	\$ 374,176
-	185,540	-	185,540
44,867	45,675	-	90,542
71,013	1,737,861	-	1,808,874
21,232	17,336	-	38,568
<u>425,763</u>	<u>2,071,937</u>	<u>-</u>	<u>2,497,700</u>
284,363	259,010	-	543,373
107,651	129,587	-	237,238
-	5,106	-	5,106
-	265,641	-	265,641
327	1,568,898	-	1,569,225
-	-	14,146	14,146
-	-	16,362	16,362
<u>392,341</u>	<u>2,228,242</u>	<u>30,508</u>	<u>2,651,091</u>
<u>33,422</u>	<u>(156,305)</u>	<u>(30,508)</u>	<u>(153,391)</u>
-	(30,508)	30,508	-
-	14,504	-	14,504
-	189,863	-	189,863
<u>-</u>	<u>173,859</u>	<u>30,508</u>	<u>204,367</u>
33,422	17,554	-	50,976
<u>9,035</u>	<u>816,453</u>	<u>45</u>	<u>825,533</u>
<u>\$ 42,457</u>	<u>\$ 834,007</u>	<u>\$ 45</u>	<u>\$ 876,509</u>

Special Revenue Funds
County Health Department

Budget	Actual	Variance
\$ 70,904	\$ 71,967	\$ 1,063
72,172	72,172	-
-	-	-
10,508	7,938	(2,570)
-	-	-
<u>82,680</u>	<u>80,110</u>	<u>(2,570)</u>
-	-	-
-	-	-
153,584	73,623	79,961
-	-	-
<u>153,584</u>	<u>73,623</u>	<u>79,961</u>
-	78,454	78,454
-	<u>(30,508)</u>	<u>(30,508)</u>
-	<u>(30,508)</u>	<u>(30,508)</u>
<u>\$ -</u>	47,946	<u>\$ 47,946</u>
	317	
	51	
	-	
	<u>\$ 48,314</u>	

NOTES TO THE FINANCIAL STATEMENTS

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

1. Summary of Significant Accounting Policies

The financial statements of the 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. Financial Reporting Entity

Coal County was 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 accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Coal County (the primary government) and its legally separate component unit.

Blended Component Unit

The following component unit has been presented as a blended component unit because the component unit's governing body is substantially the same as the governing body of the County.

Coal County Public Facilities Authority – was created as a public trust under 60 O.S. 1991, § 176 to 180.3, inclusive. The Authority was created for the use and the benefit of the beneficiary, Coal County, Oklahoma, to assist, plan, and finance the purchase, lease, construction, operations, and maintenance of buildings, utilities, and facilities for public use and to administer other rights and privileges upon any real or personal property leased, constructed, purchased, or acquired as set forth in the Trust Indenture. The activity, on behalf of the Authority, is included in the Special Revenue Fund, Debt Service Fund, and General Long-Term Debt Account Group.

B. Fund Accounting

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 two major categories: governmental and fiduciary.

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) 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.

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

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.

Account Groups

General Fixed Assets Account Group (GFAAG) – Accounting principles generally accepted in the United States of America require that the fixed assets of a government 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. 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 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 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, sales tax, 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.

D. Budgetary Policies and Procedures

Under current Oklahoma Statutes, the general fund and the County Health Department fund are the only funds required to adopt a formal budget. The budget presented for the general and special revenue (County Health Department only) funds 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.

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund and 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 Balance - 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

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. All funds were deposited in interest-bearing demand accounts at June 30, 2001.

F. Receivables

All receivables are reported at their gross value.

G. Interest Receivable

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

H. Fixed Assets

The County presently maintains some individual records of personal property; however, the County does not keep similar records for land, buildings, and improvements. Because the County does not maintain detailed records of its land, buildings, and improvements, a statement of general fixed assets, required by accounting principles generally accepted in the United States of America, 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 carries commercial insurance for these types of risk.	The County is responsible for the deductible and any amounts exceeding \$1,000,000.

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

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 carries commercial insurance for these types of risk.	The County is responsible for the deductible and any amounts exceeding \$1,000,000.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool. (See ACCO Self-Insured Fund 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

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 assessed additional premiums to be paid by its members in the past three years.

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. There have been no significant reductions in insurance coverage during the 2001 fiscal year.

J. Compensated Absences

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and may be accumulated. The amount of accumulated unpaid vacation benefits is not material to the financial statements for the fiscal year ending June 30, 2001.

The County does not record any liability for sick leave. There is no history of sick leave usage from which to project future usage; hence, no liability for such has been recorded. 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.

L. Interfund Transactions

Operating transfers consist of \$30,508 transferred from the County health fund to the debt service fund.

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

M. 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 have not been eliminated from the total column of each financial statement.

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.

For the year ended June 30, 2001, the County failed to appropriate funds for the payment of interest on non-payable warrants. Interest paid on non-payable warrants resulted in the County exceeding legally budgeted appropriations by \$930. The payments in excess of appropriations did not result in a negative fund balance.

3. Detailed Notes on Account Balances

A. Deposits

At year end, the carrying amount of the County's deposits was \$1,180,717, and the bank balance was \$1,215,673. Of the bank balance, \$200,000 was covered by federal depository insurance. Of the remaining balance, \$1,015,673 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

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. A continuous and systematic program of visual inspection of all taxable real property within the County is required at least once every four (4) years.

The net assessed property value as of January 1, 2000, was \$29,113,449.

The County levied 10.0 mills for general fund operations, 2.50 mills for the County Health Department, 4.00 mills for Multi-County Library, and 3.00 mills for 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 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, 2001, were approximately 98.38 percent of the tax levy.

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COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

C. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the plan for the years ending June 30, 1999, 2000, and 2001, were \$86,193, \$77,211, and \$73,586, 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. 1991, § 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 will be 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, it is the County's intent to exercise its right to purchase this property; accordingly, the lease-purchase agreements have been capitalized to conform with accounting principles generally accepted in the United States of America. 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 Commissioners, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2001, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 195,348	\$ 29,204	\$ 224,552
2003	163,158	17,836	180,994
2004	96,803	9,230	106,033
2005	32,324	5,298	37,622
2006	24,245	3,556	27,801
2007-2009	46,130	3,596	49,726
Total	<u>\$ 558,008</u>	<u>\$ 68,720</u>	<u>\$ 626,728</u>

During the year, the County capitalized leases totaling \$189,863 and paid \$198,341 on the outstanding balances of lease-purchase agreements.

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

E. Revenue Note

The Coal County Public Facilities Authority issued a non-taxable revenue note, Series 1992, for the sole purpose of constructing a Public Health Facility for the citizens of Coal County. The total principal amount of the Series 1992 note is expressly limited to \$300,000. The note bears interest of 7.5% per annum calculated on a 360-day year. Payments are equal to \$7,627.13 and are due quarterly in February, May, August, and November. Payments began May 8, 1993, and continue through February 8, 2011. The funds to liquidate this note will be provided by payments received from the State Health Department. The County is obligated for the repayment of this note only to the extent of the pledged revenues.

A summary of future principal and interest payments to maturity is presented below.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 15,206	\$ 15,303	\$ 30,509
2003	16,379	14,130	30,509
2004	17,621	12,888	30,509
2005	19,023	11,486	30,509
2006	20,469	10,040	30,509
2007-2011	121,175	23,946	145,121
Total	<u>\$ 209,873</u>	<u>\$ 87,793</u>	<u>\$ 297,666</u>

F. Long-Term Liabilities

During the year ended June 30, 2001, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2001</u>
Revenue Note	224,019		14,146	209,873
Capital leases	\$ 566,486	\$ 189,863	\$ 198,341	\$ 558,008
Total	<u>\$ 790,505</u>	<u>\$ 189,863</u>	<u>\$ 212,487</u>	<u>\$ 767,881</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 appropriate for future expenditures. 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 payment of any outstanding bonds, interest, or judgments against the County.

COAL COUNTY, OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

Detailed Notes on Account Balances (continued)

H. Fuel Taxes

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. The County highway fund is reported herein as "special revenue," and the fuel tax revenue is presented as "intergovernmental."

I. Grant Revenue

Revenues from federal grants are recognized when expenditures are incurred.

J. Sales Tax

Coal County voters approved a one percent (1%) sales tax for a period of five (5) years which began February 14, 1994. In a special election held on September 15, 1998, the voters of Coal County reapproved the assessment of a 1% sales tax to begin on February 14, 1999, and continue for a period of 5 years. The prior sales tax (1%) expired on February 14, 1999. Proceeds of the tax are designated as follows: County general fund, 27%; County Sheriff and security, 20%; OSU Extension and 4H, 10%; capital improvements on County buildings, 12 %; emergency medical service, 13%; Senior Citizen Centers, 8%; rural fire departments, 5%; and solid waste recycling, 5%.

SUPPLEMENTARY SCHEDULE

COAL COUNTY, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Pass/Through District Attorney's Council</u>			
Violence Against Women Formula Grant	16.588	V99-221	\$ 10,162
Community Oriented Policing Services	16.710	1999SHWX0168	13,200
Local Law Enforcement Block Grant	16.592	LLE-99-492	10,000
<u>Pass/Through Office of Juvenile Affairs</u>			
Juvenile Accountability Incentive Block Grant	16.523	99-JAIBG-52	<u>2,494</u>
Total U.S. Department of Justice Assistance			<u>35,856</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Pass/Through Oklahoma Department of Commerce</u>			
Community Development Block Grant	14.228	8185 CDBG 97	<u>154,610</u>
Total U. S. Department of Housing and Urban Development			<u>154,610</u>
<u>FEDERAL DEPARTMENT OF EMERGENCY MANAGEMENT</u>			
Pass/Through Oklahoma State Department of Civil Emergency Management	83.544	1355-DR	<u>247,900</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 438,366</u></u>

COAL COUNTY, OKLAHOMA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2001

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coal County, Oklahoma, and is presented on the *modified accrual 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
OKLAHOMA CITY

CLIFTON H. SCOTT
State Auditor and Inspector

2300 N. Lincoln Blvd.
100 State Capitol
Oklahoma City, OK 73105
405/521-3495

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
COAL COUNTY

We have audited the financial statements of Coal County as of and for the year ended June 30, 2001, and have issued our report thereon dated February 25, 2002. 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 Coal 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 Coal 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 97-1 and 00-1.

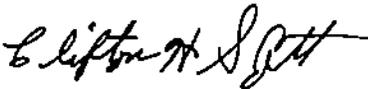
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, of the reportable conditions described above, we consider item 97-1 to be 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 County Officials, 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,



CLIFTON H. SCOTT
State Auditor and Inspector

February 25, 2002

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

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

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
COAL COUNTY

We have audited the compliance of Coal County 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, 2001. Coal 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 Coal County's management. Our responsibility is to express an opinion on Coal County's compliance based on our audit.

We conducted our audit of compliance in accordance with accounting standards generally accepted in the United States of America; 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 Coal County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Coal County's compliance with those requirements.

In our opinion, Coal County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Coal 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 Coal County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Clifton H. Scott". The signature is written in a cursive style with some flourishes.

CLIFTON H. SCOTT
State Auditor and Inspector

February 25, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COAL COUNTY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2001

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: QUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes

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	U.S. Department of Federal Emergency Management Agency

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

Auditee qualified as low-risk auditee? No

COAL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001

SECTION 2 - Financial Statement Findings

Finding 97-1 - General Fixed Assets

Criteria: Accounting principles generally accepted in the United States of America for a governmental entity using governmental fund types require the presentation of the general fixed assets account group (GFAAG) in the financial statements.

Condition: Information is not available for reporting general fixed assets in accordance with accounting principles generally accepted in the United States of America for a government entity. The general fixed asset control account is not accurate.

Effect: This component of internal control is not 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 asset, and that a control total of the cost of these assets be maintained and reconciled annually.

Finding 00-1 -- Bank Reconciliations

Criteria: Proper bookkeeping practices require that bank accounts be reconciled monthly, and that errors be corrected.

Condition: The County Treasurer does not reconcile bank statements monthly.

Recommendation: We recommend that the Treasurer prepare bank reconciliations monthly to identify and correct any reconciling items.

SECTION 3 -- Federal Award Findings and Questioned Costs

No matters were reported.

CORRECTIVE ACTION PLAN

Board of County Commissioners Coal County

4 North Main, Suite #3

Coalgate, OK 74538

Fax (580) 927-4003

Alvin Pebworth, Dist. #1***Johnny Ward, Dist. #2***David Franklin, Dist. #3
927-2792 927-3122 927-2766

Office of the State Auditor and Inspector
Attention: Clifton H. Scott
State Capitol Building - Room 100
Oklahoma City, OK 73105

Gentlemen:

SUBJECT: CORRECTIVE ACTION PLAN

General Fixed Assets - Finding 97-1

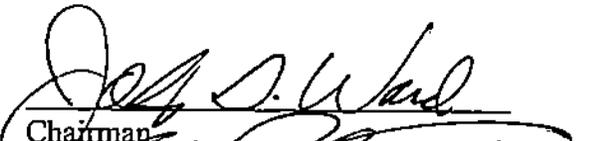
We agree that cost values and control totals are required by accounting principles generally accepted in the United States of America; however, we do not think the statutes require such information. We may not have the time to accumulate the information needed during the next year.

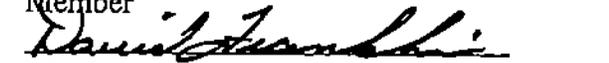
During the current fiscal year, we will try to update the inventory records required by 19 O.S. 1991, §178.1 which include an inventory card for each item with a complete description of the item, the serial number, and location.

Bank Reconciliations - Finding 00-1

We will make an effort to reconcile the County's bank statements on a monthly basis.

Coal County
Board of Commissioners


Chairman

Member

Member