

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

October 30, 2003

TO THE CITIZENS OF  
HARPER COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

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

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**TABLE OF CONTENTS**

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Harper County.....	iii
County Officials and Responsibilities.....	iv
Ad Valorem Tax Distribution.....	ix

FINANCIAL SECTION

Report of State Auditor and Inspector.....	1
Special-Purpose Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds.....	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts .....	6
Notes to the Financial Statements.....	7

COMPLIANCE/INTERNAL CONTROL SECTION

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	17
Management Response.....	21

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

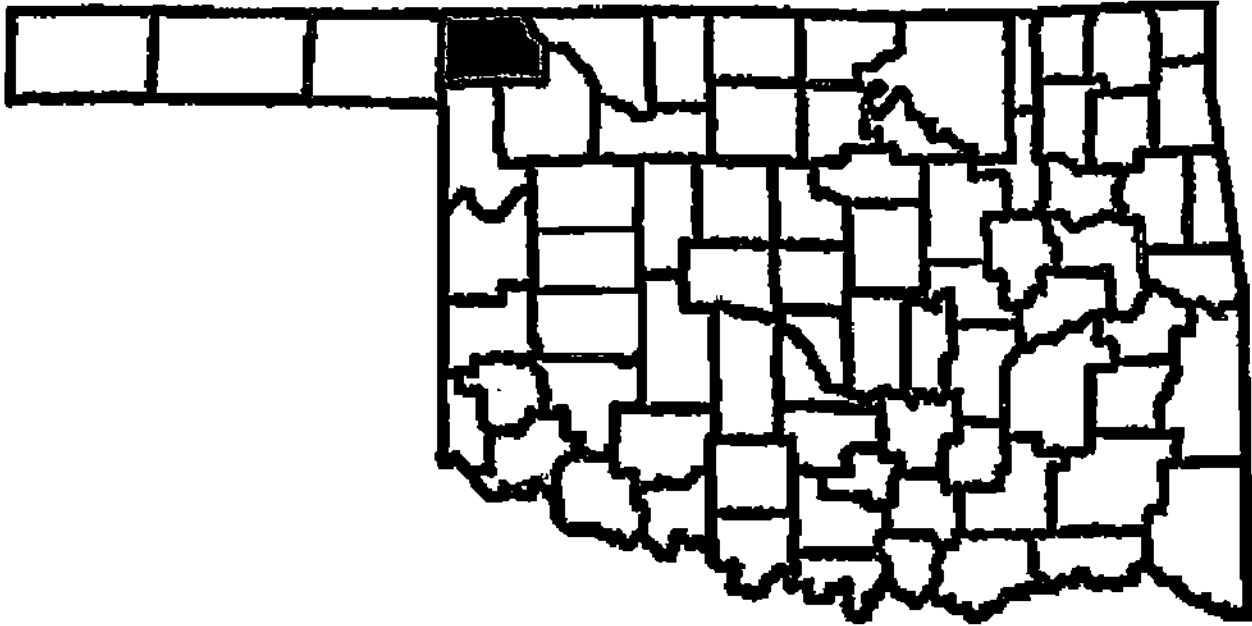
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STATISTICAL DATA (Unaudited)

Top Ten Taxpayers.....	24
Computation of Legal Debt Margin .....	25
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	26
Assessed Value of Property .....	27

REPORT TO THE CITIZENS  
OF  
HARPER COUNTY, OKLAHOMA

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Part of the area opened in the Land Run of September 16, 1893, Harper County was named for Oscar G. Harper, clerk of the Oklahoma Constitutional Convention.

The mainstay of the Harper County economy is agriculture, but the production of oil and gas also plays an important economic role. Prime cattle are in evidence throughout the area's feed yards. A modern veterinarian clinic and hospital with facilities for large animal surgery is close at hand.

County Seat - Buffalo

Area - 1039.1 Square Miles

County Population - 3,580  
(1999 est.)

Farms - 443

Land in Farms - 579,644 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Scotty Cosby  
(D) Buffalo

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**  
Charlotte Cash  
(D) Laverne

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

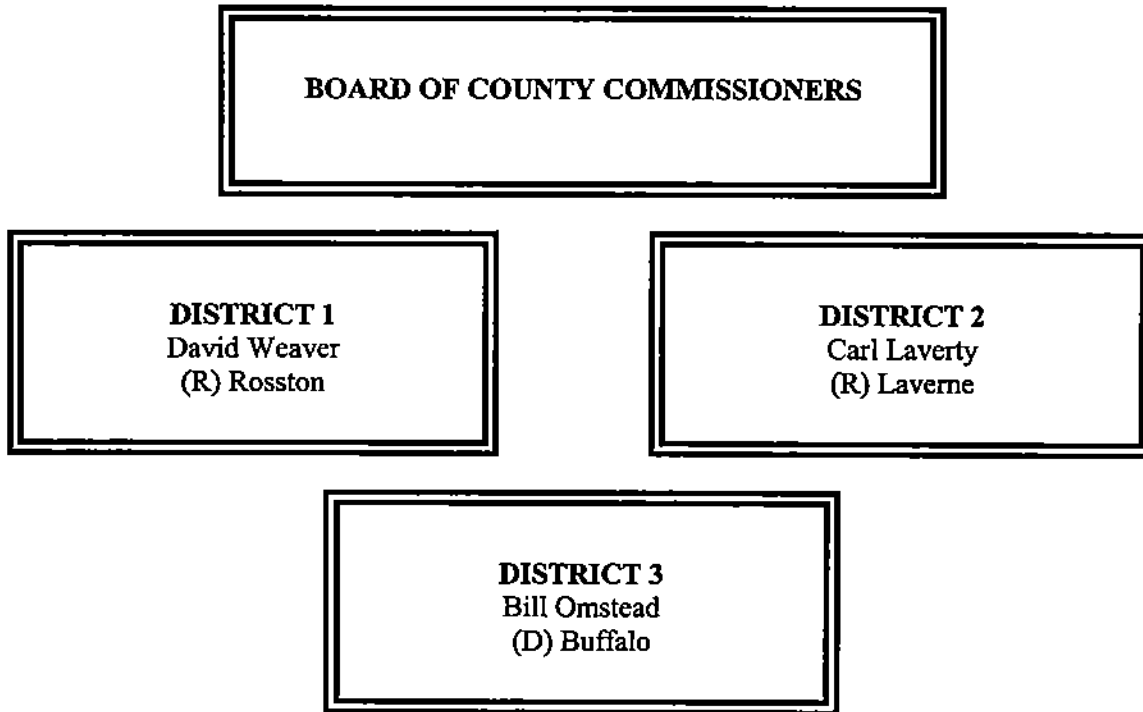
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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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.

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Ron Wycaver  
(D) Buffalo

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**  
Karen Krenz Payne  
(R) Buffalo

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

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

See independent auditor's report.



**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Linda Crouch  
(D) Buffalo

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

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

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

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

**DISTRICT ATTORNEY**  
Don Wood  
(D) Guymon

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**  
Harriet Jo Pearson  
(D) Buffalo

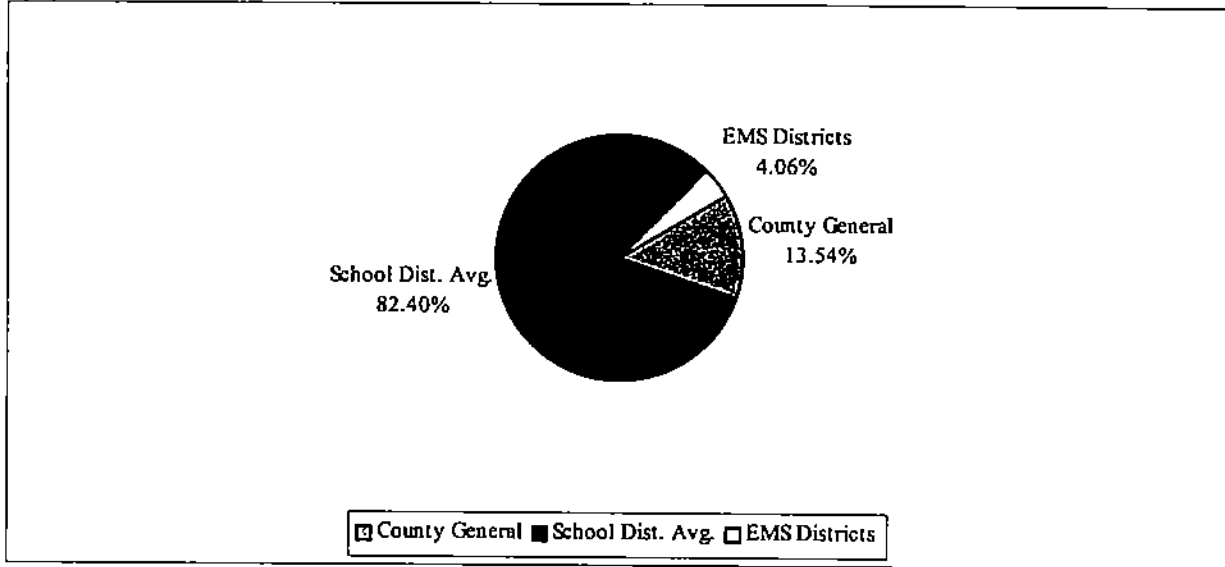
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

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

See independent auditor's report.

**AD VALOREM DISTRIBUTION  
HARPER 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							
Co. General	10.00			<u>Gen.</u>	<u>Bldg.</u>	<u>Skg.</u>	<u>Vo-Tech</u>	<u>Common</u>	<u>Total</u>
EMS Districts	3.00	Laverne	I-1	35.00	5.00			4.00	44.00
		Buffalo	I-4	35.00	5.00		10.00	4.00	54.00
		Woodward	J-4	35.00	5.00	13.70	12.00	4.00	69.70
		Ft. Supply	J-5	35.00	5.00	10.52	12.00	4.00	66.52
		Freedom	J-6	35.00	5.00	13.17	13.00	4.00	70.17

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  
HARPER COUNTY, OKLAHOMA

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

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

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Harper County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Harper County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Harper County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, as of and for the year ended June 30, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2003, on our consideration of Harper County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

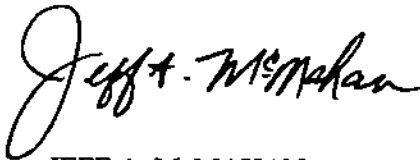
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Harper County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express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

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

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

October 14, 2003

**Special-Purpose Financial Statements**

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

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Transfers In	Transfers Out	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County General Fund	\$ 292,450	\$ 621,029	\$ 644,456	\$	\$	\$	\$ 269,023
County Sales Tax: General Fund	159,063	129,378	124,892				163,549
County Sales Tax: OSU Extension	75,202	44,238	33,843				85,597
County Sales Tax: Free Fair	5,060	9,831	8,725				6,166
County Sales Tax: Rural Fire	23,753	27,034	30,899				19,888
County Sales Tax: Buffalo EMS	1,544	17,204	16,122				2,626
County Sales Tax: Laverne EMS	1,544	17,204	17,477				1,271
County Sales Tax: Buffalo Senior Citizens	557	1,229	1,036				750
County Sales Tax: Laverne Senior Citizens	110	1,229	1,248				91
County Sales Tax: Buffalo Public Library	110	1,229	1,248				91
County Sales Tax: Laverne Delphian Library	217	1,229	1,258				188
County Sales Tax: Rural Development	20,780	4,915	8,638				17,057
Highway Cash	2,393,908	2,285,854	2,159,867				2,519,895
T-9 Highway	207,576	7,052					214,628
T-7 Selman Fire	6,245	2,517	1,932				6,830
Treasurer Mortgage Tax Certification Fee	476	880	377				979
Resale Property	7,327	13,988	6,586				14,729
County Clerk Lien Fee	18,490	10,859	15,324				14,025
County Clerk Records Preservation Fee		10,435					10,435
Assessor Revolving	2,259	1,074					3,333
Assessor Visual Inspection	29,477						29,477
Sheriff Service Fee	11,735	29,389	16,894				24,230
Sheriff Department of Corrections	2,743	12,542	17,794	22,688			20,179
Sheriff Department of Corrections Investment	22,244	444				(22,688)	
Sheriff "Reserves"	229						229
CDBG Grant		148,500	148,500				
Solid Waste Fund	2,030						2,030
Schools	5,550	1,959,875	1,959,038				6,387
Municipal	4,804	77,119	76,790				5,133
Law Library	681	8,243	7,994				930
EMS I-1	309	46,756	46,935				130
EMS I-4	121	54,053	53,607				567
Court Clerk Invest/Wright T.	13,230	524					13,754
Court Clerk Trust Cash Voucher	12,671	279					12,950
Change Fund	200	50					250
1998 Protest Tax	4,266	53	4,319				
2000 Protest Tax	10,908	132	11,040				
2001 Protest Tax		16,195					16,195
Payroll Taxes EFT Account	1	218,176	218,176				1
Unapportioned Taxes		2,352,983	2,352,983				
County Hospital	22,056	245,766	249,670				18,152
Official Depository	63,212	612,743	569,068			994	107,881
<b>Total County Funds</b>	<b>\$ 3,423,138</b>	<b>\$ 8,992,230</b>	<b>\$ 8,806,736</b>	<b>\$ 22,688</b>	<b>\$ (22,688)</b>	<b>\$ 994</b>	<b>\$ 3,609,626</b>

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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 292,450	\$ 292,450	\$ 292,450	\$ -
Less: Prior Year Outstanding Warrants	(40,022)	(40,022)	(40,022)	
Less: Prior Year Encumbrances	(1,517)	(1,517)	(1,517)	
Beginning Cash Balances, Budgetary Basis	<u>250,911</u>	<u>250,911</u>	<u>250,911</u>	
<b>Receipts:</b>				
Ad Valorem Taxes	336,640	336,640	367,796	31,156
Charges for Services	41,597	41,597	41,503	(94)
Intergovernmental Revenues	94,370	94,773	104,650	9,877
Miscellaneous Revenues	39,568	39,568	107,080	67,512
Total Receipts, Budgetary Basis	<u>512,175</u>	<u>512,578</u>	<u>621,029</u>	<u>108,451</u>
<b>Expenditures:</b>				
District Attorney	4,000	4,000	4,000	
Capital Outlay				
Total District Attorney	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	
County Sheriff	149,935	171,434	169,380	2,054
Capital Outlay	50	50		50
Total County Sheriff	<u>149,985</u>	<u>171,484</u>	<u>169,380</u>	<u>2,104</u>
County Treasurer	61,450	62,140	60,680	1,460
Capital Outlay				
Total County Treasurer	<u>61,450</u>	<u>62,140</u>	<u>60,680</u>	<u>1,460</u>
County Commissioners	78,957	66,732	6,783	59,949
Capital Outlay	20,000	20,000		20,000
Total County Commissioners	<u>98,957</u>	<u>86,732</u>	<u>6,783</u>	<u>79,949</u>
County Clerk	50,850	51,540	50,337	1,203
Capital Outlay				
Total County Clerk	<u>50,850</u>	<u>51,540</u>	<u>50,337</u>	<u>1,203</u>
Court Clerk	43,895	44,240	43,501	739
Capital Outlay				
Total Court Clerk	<u>43,895</u>	<u>44,240</u>	<u>43,501</u>	<u>739</u>
County Assessor	33,750	33,750	32,182	1,568
Capital Outlay				
Total County Assessor	<u>33,750</u>	<u>33,750</u>	<u>32,182</u>	<u>1,568</u>
Revaluation of Real Property	82,257	82,257	65,281	16,976
Capital Outlay	3,600	3,600	1,957	1,643
Total Revaluation of Real Property	<u>85,857</u>	<u>85,857</u>	<u>67,238</u>	<u>18,619</u>
General Government	172,700	161,729	155,266	6,463
Capital Outlay				
Total General Government	<u>172,700</u>	<u>161,729</u>	<u>155,266</u>	<u>6,463</u>
Excise-Equalization Board	2,175	2,175	2,001	174
Capital Outlay				
Total Excise-Equalization Board	<u>2,175</u>	<u>2,175</u>	<u>2,001</u>	<u>174</u>

continued on next page

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



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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	\$ 41,788	\$ 42,163	\$ 39,790	\$ 2,373
Capital Outlay	50	50		50
Total County Election Board	<u>41,838</u>	<u>42,213</u>	<u>39,790</u>	<u>2,423</u>
Charity	9,258	9,258	9,258	
Capital Outlay				
Total Charity	<u>9,258</u>	<u>9,258</u>	<u>9,258</u>	
County Superintendent of Health	250	250	250	
Capital Outlay				
Total County Superintendent of Health	<u>250</u>	<u>250</u>	<u>250</u>	
Library	1,000	1,000	1,000	
Capital Outlay				
Total Library	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	
County Audit Budget	7,121	7,121	7,121	
Capital Outlay				
Total County Audit Budget	<u>7,121</u>	<u>7,121</u>	<u>7,121</u>	
Total Disbursements, Budgetary Basis	<u>763,086</u>	<u>763,489</u>	<u>648,787</u>	<u>114,702</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	223,153	<u>\$ 223,153</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			6,968	
Add: Current Year Outstanding Warrants			38,902	
Ending Cash Balance			<u>\$ 269,023</u>	

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County Clerk	\$	\$ 67,980	\$ 68,139	\$ 159	\$
District Attorney Bogus Check Restitution	5,626	40,885	29,943	404	16,972
District Attorney Drug	1,158	2,200	3,087		271
District Attorney Witness Fee	163	2,500	778		1,885
District Attorney Evidence Restitution		14,367	6,876		7,491
County Election	800	10,134	10,458	134	610
County Treasurer	2,798	63,019	62,755	27	3,089
District Court Clerk	23,043	242,287	202,644	236	62,922
District Court Fund	27,697	120,547	138,496	34	9,782
Court Clerk Revolving Fund	1,655	3,410	206		4,859
County Sheriff	35	44,577	44,612		
County Assessor Fee	237	837	1,074		
<b>Total Official Depository Accounts</b>	<b>\$ 63,212</b>	<b>\$ 612,743</b>	<b>\$ 569,068</b>	<b>\$ 994</b>	<b>\$ 107,881</b>

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

**Notes to the Financial Statements**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Harper County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

The government uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

C. Basis of Accounting

The financial statements are prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund is the only fund required to adopt a formal budget. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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

Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

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

F. Risk Management

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

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

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

Summary of Significant Accounting Policies (continued)

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

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

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

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

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The County does not accrue any liability for future vacation benefits. All Harper County employees are entitled to annual leave that is accrued on a monthly basis in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Annual Leave</u>	<u>Accumulation Limits</u>
0-5 years	15 days (10.00 hrs per month)	30 days
5-20 years	18 days (12.00 hrs per month)	60 days
Over 20 years	20 days (13.33 hrs per month)	60 days

The County does accumulate sick leave. All Harper County employees are entitled to sick leave with pay that is accrued on a monthly basis. Sick leave is accumulated at the rate of 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 130 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$3,609,626 and the bank balance was \$3,641,037. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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

County Sales Tax - separately accounts for the collection of sales tax monies collected on behalf of OSU extension, free fair, rural fire, Buffalo EMS, Laverne EMS, Buffalo Senior Citizens, Laverne Senior Citizens, Buffalo Public Library, Laverne Delphian Library, rural development, and the general fund maintenance and operations.

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

T-7 Selman Fire - is a grant from the Oklahoma State Department of Agriculture Forestry Division and is to be used for the general operation of the rural Selman Fire Department.

T-9 Highway - is a grant from the Oklahoma State Transportation Department to be used for highway improvements.

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

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

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

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

Assessor Revolving - accounts for the collection of fees for copies restricted by state statute.

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

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

Sheriff Department of Corrections - accounts for the collection of revenue from Department of Corrections contract for housing prisoners and disbursements for the operations of the jail and capital outlay items.



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

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Detailed Notes on Account Balances (continued)

Sheriff Department of Corrections Investments – accounts for interest earned on surplus funds set aside for the operation of the jail.

Sheriff "Reserves" – The source of revenue was unknown; therefore, the account was transferred to the Sheriff Service Fee in July 2003.

CDBG Grant – accounts for federal grant for a rural water district for waterline project.

Solid Waste Fund – is the residual balance of funds set aside for solid waste management.

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

Municipal – accounts for Oklahoma Tax Commission collections distributed to the cities of the County.

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

Emergency Medical Service I-4 and I-1 – accounts for charges for services, ad valorem monies and miscellaneous collections apportioned and amounts disbursed for the expenses of the Buffalo and Laverne Emergency Medical Services.

Court Clerk Invest/Wright T. – accounts for funds being held in trust per court order. Interest earned on these funds is accrued in this account, until the court orders disbursement.

Court Clerk Trust Cash Voucher – accounts for funds received from the Court Administrator's office to be used for the purchase of computer equipment.

Change Fund – is cash used to make change for citizens making transactions in cash.

Protest Tax - accounts for ad valorem collected under protest and held until issue is resolved and then apportioned or refunded as decided. Funds are separated by tax year, 1998, 2000, and 2001.

Payroll Taxes EFT Account – is a temporary account in which federal withholdings are held until the IRS electronically transfers the funds for payroll taxes.

Unapportioned Taxes - accounts for taxes collected and being held for apportionment to various government entities.

County Hospital – accounts for sales tax collected on behalf of the county hospital and remitted monthly.

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

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Detailed Notes on Account Balances (continued)

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

Additionally, the following official depository accounts are described as follows:

County Clerk – accounts for the collection of filing fees that are disbursed to the Oklahoma Tax Commission and general fund.

District Attorney Bogus Check Restitution – accounts for the collection of bogus checks to be disbursed to the merchant to whom the bogus check was written.

District Attorney Drug – accounts for property forfeitures related to drug case convictions and used for the general operations of the office.

District Attorney Witness Fee – accounts for the appropriated money from the District Attorney's Council for witness fees.

District Attorney Evidence Restitution – accounts for monies received from criminal defendants and disbursed to victims of crimes.

County Election – accounts for reimbursement of election cost by entities within the County and is disbursed for refund of election fees and cost of election.

County Treasurer – accounts for collection of taxes paid in advance.

District Court Clerk – accounts for the collection of bond money, court fines, and fees. Money is disbursed for overpayment of fees and restitution with a portion transferred to the District Court Fund.

District Court Fund – accounts for fees transferred from District Court Clerk Account and interest earned on this fund. Money is disbursed for the purpose of fees for various entities, salaries, and the operation of the office.

Court Clerk Revolving Fund – This account was established July 1, 1991, by Oklahoma Statute Title 19 § 220 for the collection of administrative fees collected by the Court Clerk to be used to defray cost incurred for the operation of the Court Clerk's office.

County Sheriff – accounts for all collection of foreign service fees and bonds. Monies are disbursed at the end of the month to the Sheriff Service Fee Fund and District Court Clerk Account.

Detailed Notes on Account Balances (continued)

County Assessor Fee – accounts for all collection of copy fees and is to be disbursed at the end of the month and deposited in the Assessor Revolving Fund.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2001, was approximately \$37,030,403.

The County levied 10 mills (the legal maximum) for general fund operations and 3.0 mills for the Laverne and Buffalo EMS districts. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

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

D. Pension Plan

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

Detailed Notes on Funds and Account Balances (continued)

E. Capital Leases

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

F. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

G. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County highway fund.

4. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

5. Sales Tax

On April 1, 1997, the citizens approved an additional one-cent (1%) sales tax to begin May 1, 1990, and extend to April 30, 1993, to provide unrestricted revenues to be used by the Harper County Community Hospital. An extension was approved by the citizens, extending the sales tax to April 30, 1998. Another five-year extension to the sales tax was approved by the citizens of Harper County with an expiration date of April 30, 2003.

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

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Sales Tax (continued)

On April 1, 1997, an additional (1%) sales tax ordinance was approved to begin July 1, 1997, and extend to July 1, 2002, to provide the allocation of funds as follows: OSU Extension 18%, Free Fair 4%, Rural Fire Association 11%, Buffalo EMS 7%, Laverne EMS 7%, Buffalo Senior Citizens .5%, Laverne Senior Citizens .5%, Buffalo Public Library .5%, Laverne Delphian Library .5%, Harper County Rural Development Coalition 2%, and General Fund Maintenance and Operations 49%.

**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  
HARPER COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Harper County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 14, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Finding 2002-1 – Bank Deposits

**Criteria:** Title 19 O.S. 2001, § 121 states, “The county treasurer of each county shall deposit daily, *not later than the immediately next banking day*, all the funds and monies of whatever kind that shall come into his or her possession by virtue of the office...” (Emphasis added.)

**Condition:** In a sample comparing dates of bank deposit slips and daily reports to the dates the deposits were recorded by the bank, delays of 5 or more days were noted for 24% of the sample. Expanded audit procedures indicated that there were delays of 5 or more days for approximately 70 bank deposits in the general account. The deposit for 12-13-01 was delayed for 21 days. There were delays in some deposits for the official depository bank account, but the number of deposits delayed was fewer and the delays were generally shorter than with the general bank account.

**Effect:** Failure to deposit daily increases the risk for theft, diversion of funds, accidental loss, or misplacement of the funds to be deposited. Delays in deposits of funds also result in failure to maximize the interest earned on county funds.

**Recommendation:** We recommend the opening of a second general bank account at a local bank to facilitate the daily depositing of funds received, as required by Title 19 O.S. 2001, § 121.

**Management Response:** Prior to auditors leaving the field, the County Treasurer opened a new general bank account at the local bank with the intent to implement daily deposit procedures.

#### Finding 2002-2 – Daily Reports

**Criteria:** Title 19 O.S. 2001, § 642 requires the County Treasurer to keep a “cash book” recording all money received by the Treasurer. This “cash book” record is now computerized with a daily and monthly reporting feature.

**Condition:** We noted a number of daily reports with discrepancies to the amounts actually deposited at the bank. After further review, it was determined that the daily reports had been corrected on the computer, but that the erroneous reports had not been replaced by corrected copies.

**Recommendation:** Additional procedures should be implemented to ensure that whenever corrections are made to the daily records, corrected copies are included in both the appropriate daily jacket and the “cash book”, i.e. daily report binder, as required by Title 19 O.S. 2001, § 642.

#### Finding 2002-3 – Cash Reporting

**Criteria:** Title 19 O.S. 2001, § 642 requires the County Treasurer to keep a “cash book” recording all money received by the treasurer. This “cash book” record is now computerized with a daily and monthly reporting feature.

**Condition:** We noted a number of “transfers” in the County Treasurer records that were not supported by other documentation. Usually, these transactions were interest earned on investments. The computer software program was defaulting to a specific bank account, and “transfer” transactions were recorded to add the interest earned to the appropriate investment.

**Effect:** The recording of “transfers” to place interest earned in the appropriate investment account results in some confusion in the monthly reporting.

**Recommendation:** The computer software normally defaults to the county general bank account. However, the software permits other bank accounts to be used for the debit side of the revenue transaction. We recommend additional training to make full use of the computer software capabilities, and the cash book record all money received in accordance with Title 19 O.S. 2001, § 642.

#### Finding 2002-4 – Equipment Inventory

**Criteria:** According to 69 O.S. 2001, § 645, county-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, *on EACH side*, in upper case letters, on a background of sharply contrasting color. (Emphasis added.)



**Condition:** DISTRICT #1: Numerous pickups, trucks, trailers, and other road equipment and machinery were marked on one side only, or were NOT MARKED ON EITHER SIDE.

DISTRICT #2: Some pickups, trucks, trailers, and other road equipment and machinery were marked on one side only.

**Recommendation:** The Board of County Commissioners should evaluate its policies and procedures for marking its equipment and make the necessary changes to improve its compliance with Title 69 O.S. 2001, § 645.

### Internal Control Over Financial Reporting

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

#### Finding 2000-1 – Segregation of Duties

**Criteria:** Accountability and stewardship are overall goals in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

**Condition:** The County has relatively few employees in each office. Based on inquiries of County personnel in the various offices, it was determined that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

**Cause:** The limited number of employees in the various offices results in the lack of segregation of duties.

**Effect:** Inadequate segregation of duties increases the possibility of errors or irregularities occurring and not being detected in a timely manner.

**Recommendation:** We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of County operations and periodic review of those operations.

Finding 2002-5 – Payroll/Leave Records

**Criteria:** Effective accounting procedures require that leave records be consistent from office to office, be reviewed and approved by appropriate officials, and be reported periodically.

**Condition:** Interviews with officers and employees indicated a variety of policies concerning the recording and reporting of annual, sick, and compensatory (overtime) leave. In some cases, there were only informal leave records kept by the employees themselves.

**Recommendation:** We recommend the Board of County Commissioners establish formal policies and procedures to implement standardized leave records and periodic reporting for all county offices and departments.

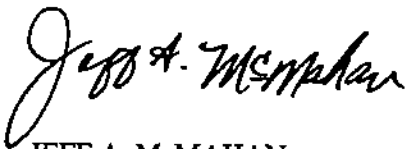
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 2000-1 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 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.

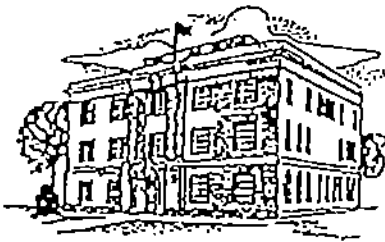
Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

October 14, 2003

## **Management Response**



Harper County Treasurer  
P.O. Box 440  
Buffalo, OK 73834  
(405) 735-2442

Karen Payne  
*Treasurer*  
Peggy Tillery  
Rae Jackson  
*Deputies*

---

October 22, 2003

Board of County Commissioners  
Harper County Courthouse  
Buffalo, Oklahoma 73834

Dear Sirs:

In response to the State Auditor and Inspector's report presented at the October 14, 2003, I am responding to three (3) reported findings of the Treasurer's Office: 2002-1-Bank Deposits, 2002-2 Daily Reports, and 2002-3 Cash Reporting.

#### **2002-1 Bank Deposits**

**Recommendation of the Auditor:** "We recommend the opening of a second general bank account at a local bank to facilitate the daily depositing of funds received, as required by Title 19 O.S.2001, ss 121.

#### **Management's Corrective Action Plan:**

Prior to the auditor leaving the field, the county treasurer opened a new general bank account at the local bank with the intent to implement daily deposit procedures.

#### **2002-2 Daily Reports**

**Recommendation of the Auditor:** "Additional procedures should be implemented to ensure that whenever corrections are made to the daily records, corrected copies are included in both the appropriate daily jacket and the "cash book", i.e. daily report binder, as required by Title 19 O.S. 2001, ss 642."

#### **Management's Corrective Action Plan:**

Prior to the auditor leaving the field, the auditor had a phone conversation with Mike Keller, Keller's Programming Service. The auditor explained to Mr. Keller the criteria that should be met for the Treasurer's Office to comply with the State Auditor's Office. Mr. Keller's program was corrected not allow the Treasurer's Office to make corrected copies of the daily reports.

#### **2002-3 Cash Reporting**

**Recommendation of the Auditor:** "The computer software normally defaults to the county general bank account. However the software permits other bank accounts to be used for the debit side of the revenue transaction. We recommend additional training to make full use of the computer software capabilities, and the cash book record all money received in accordance with Title 19 O.S. 2001, ss 642."

**Management's Corrective Action Plan:**

The County Treasurer's Office was unaware of the computer software capabilities, this is now being implemented.

Sincerely,

A handwritten signature in cursive script that reads "Karen Payne".

Karen Payne  
Treasurer

Copy: Sherri Merle ✓  
Weatherford District Manager

File

# Harper County Commissioners

Harper County  
PO Box 369  
Buffalo, OK 73834-0369  
580-735-2870



OCTOBER 27, 2003

JEFF A. MCMAHAN  
STATE AUDITOR AND INSPECTOR  
ROOM 100, STATE CAPITOL  
OKLAHOMA CITY, OKLA. 73105

DEAR MR. MCMAHAN:

IN RESPONSE TO THE AUDIT REPORT FOR FISCAL YEAR 01-02, WE HAVE SPOKEN WITH ALL OF THE OFFICERS AND BELIEVE THEY WILL CORRECT THE FINDINGS REPORTED.

IN RESPONSE TO FINDING 2000-1, WE SIMPLY DO NOT HAVE THE FUNDS TO EMPLOYEE ENOUGH EMPLOYEES TO HAVE A 100% SEGREGATION OF DUTIES IN PLACE. IN FACT, THIS COMING YEARS BUDGET IT SO LOW, WE ARE HAVING TO LET SOME EMPLOYEES GO. THIS IS A SAD PICTURE FOR COUNTY GOVERNMENT.

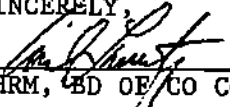
IN RESPONSE TO FINDING 2002-1, 2002-2 AND 2002-3, A SEPARATE LETTER FROM THE TREASURER IS ENCLOSED ADDRESSING THESE FINDINGS. SHE TRUSTS THAT SHE IS MAKING PROGRESS IN CORRECTING A VERY CRUCIAL OPERATION.


IN RESPONSE TO FINDING 2002-4, ALL THREE COMMISSIONERS ARE APPLYING THE PROPER SIGNS AS REQUESTED.

IN RESPONSE TO FINDING 2002-5, WE HAVE RECEIVED A COPY OF THE FORM FROM YOUR OFFICE AND WILL HOLD A MEETING WITH ALL OFFICERS AND PUT THIS POLICY IN PLACE.

WE APPRECIATE THE AUDIT AND THE DILIGENCE YOU GAVE TO THE CAUSE. YOUR PEOPLE WERE VERY ACCOMODATING AND FRIENDLY WITH OUR EMPLOYEES.

SINCERELY,

  
\_\_\_\_\_  
CHRM, BD OF CO COMM

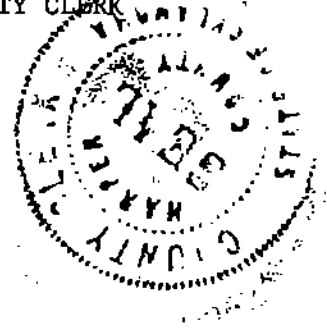
  
\_\_\_\_\_  
MEMBER, BD OF CO COMM

  
\_\_\_\_\_  
MEMBER, BD OF CO COMM

ATTEST:

  
\_\_\_\_\_  
COUNTY CLERK

CLL:ca  
enc.



**Statistical Data  
(Unaudited)**

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

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Duke Energy Field Service	\$ 2,805,538	7.58%
2 Murphy Farms Inc.	1,547,192	4.18%
3 Buffalo Feeders, LLC	1,439,329	3.89%
4 Phillips Pipeline	1,044,617	2.82%
5 Oneok Field Service Gathering	748,544	2.02%
6 Natural Gas Pipeline	726,184	1.96%
7 Kerr McGee O&G Onshore LLC	693,291	1.87%
8 Williams Gas Pipeline Central	599,429	1.62%
9 Koch Pipeline	503,929	1.36%
10 Eott Energy Pipeline	490,065	1.32%
Total	<u>\$ 10,598,118</u>	<u>28.62%</u>

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



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

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Total net assessed value as of January 1, 2001		<u>\$ 37,030,403</u>
Debt limit - 5% of total assessed value		\$ 1,851,520
Total bonds outstanding	0	
Total judgments outstanding	0	
Less cash in sinking fund	<u>0</u>	<u>-</u>
Legal debt margin		<u>\$ 1,851,520</u>

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

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	2002
Estimated population	3,580
Net assessed value	\$ 37,030,403
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

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

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<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2001	\$16,252,032	\$5,463,682	\$16,390,471	\$1,075,782	\$37,030,403	\$276,921,070