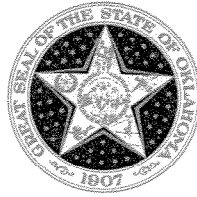


**HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2001**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON H. SCOTT
State Auditor and Inspector

2300 N. Lincoln Blvd.
100 State Capitol
Oklahoma City, OK 73105-4896
405/521-3495

June 19, 2002

TO THE CITIZENS OF
HASKELL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Haskell 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 which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

**HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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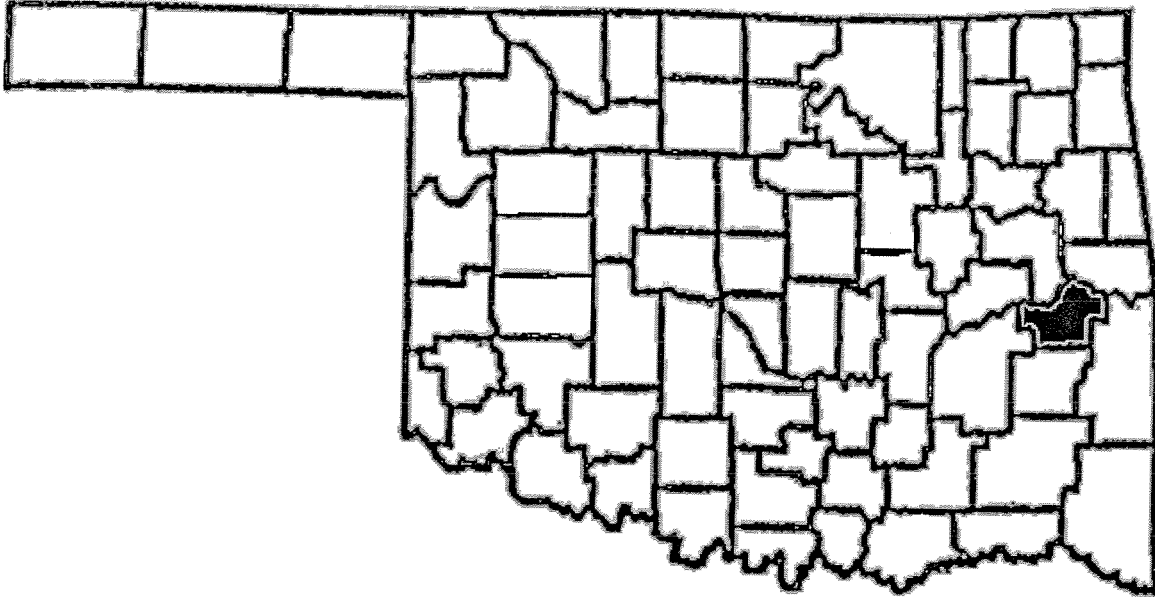
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**REPORT TO THE CITIZENS
OF
HASKELL COUNTY, OKLAHOMA**



Haskell County was created at statehood. Named for Charles Haskell, a member of the Oklahoma Constitutional Convention and first governor of Oklahoma.

Haskell County was one of the first permanent Choctaw settlements in Indian Territory. Many Choctaws arrived by steamboat at Tamaha, and settled along the Arkansas River. Haskell County was also the site of several skirmishes during the Civil War.

County Seat - Stigler

Area - 577 Square Miles

County Population – 11,421
(1995 est.)

Farms – 872

Land in Farms – 267,655 Acres

Source: Oklahoma Almanac 2000 - 2001

See independent auditor's report

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR

Deborah Spears
(D) McCurtain

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.

COUNTY CLERK

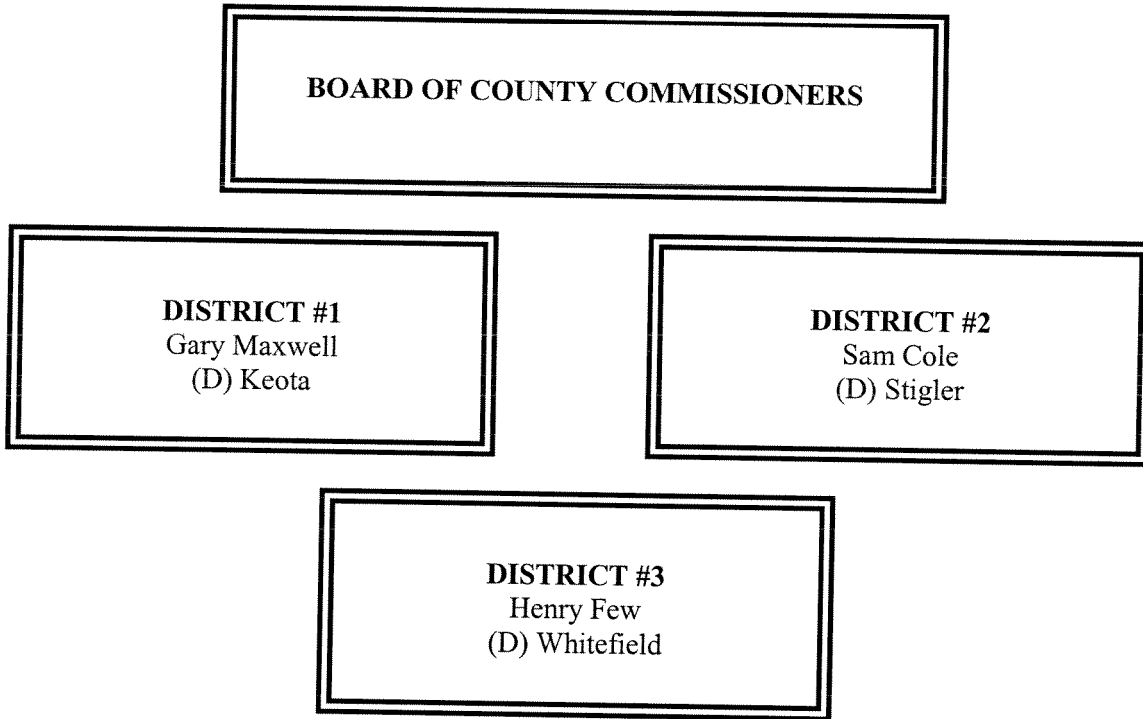
Gail Brown
(D) Stigler

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

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

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

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**



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

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

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

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Manual Ballard
(D) Stigler

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

Gale Mitchell
(D) Kinta

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

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

See independent auditor's report

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK

Denise Sloan
(D) Kinta

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

Kalyn Free
(D) McAlester

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.

See independent auditor's report

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

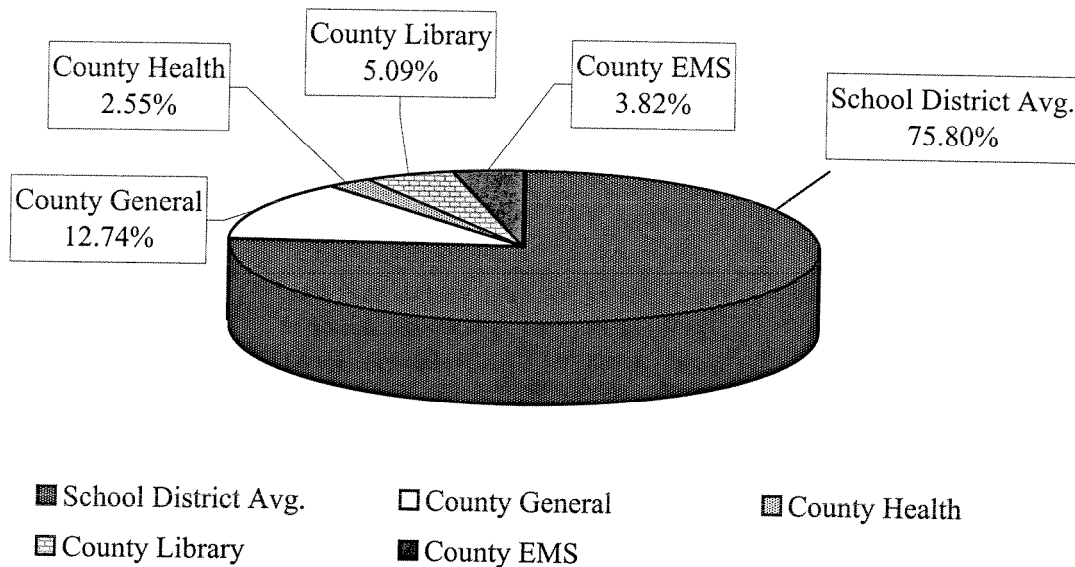
Marcia Goff
(D) Stigler

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

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

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

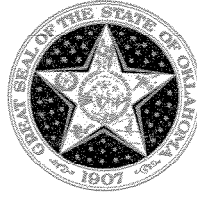
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages			School District Millages					
			Gen.	Bldg.	Skg.	Vo-Tech	Common	Total
Co. General	10.00	Stigler	35.00	5.00	7.48	12.00	4.00	63.48
Co. Health	2.00	Keota	35.00	5.00	8.66	12.00	4.00	64.66
Co. Library	4.00	Kinta	35.00	5.00	4.90	12.00	4.00	60.90
Co. EMS	3.00	McCurtain	35.00	5.00	-	12.00	4.00	56.00
		Whitefield	35.00	5.00	-	12.00	4.00	56.00
		Quinton	35.00	5.00	-	12.00	4.00	56.00

See independent auditor's report

Independent Auditor's Report



STATE OF OKLAHOMA

OFFICE OF THE AUDITOR AND INSPECTOR

OKLAHOMA CITY

2300 N. Lincoln Blvd.
100 State Capitol
Oklahoma City, OK 73105-4896
405/521-3495

CLIFTON H. SCOTT
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
HASKELL COUNTY, OKLAHOMA

We have audited the accompanying general-purpose financial statements of Haskell County, Oklahoma, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of Haskell 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.

As explained in Note (1H), 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.

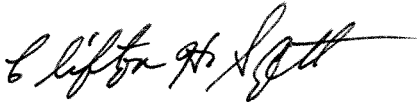
In our opinion, except for the effect on the general-purpose financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Haskell County, Oklahoma, as of June 30, 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 November 8, 2001, on our consideration of Haskell 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.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local*

Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. 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,

A handwritten signature in black ink, appearing to read "Clifton H. Scott". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

CLIFTON H. SCOTT
State Auditor and Inspector

November 8, 2001

General-Purpose Financial Statements

HASKELL COUNTY, OKLAHOMA
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 2001

	Governmental Fund Types			Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service		General Long-Term Debt	
ASSETS						
Cash and investments	\$ 565,252	\$ 1,823,202	\$ 1,380	\$ 505,643	\$ -	\$ 2,895,477
Ad valorem taxes receivable	4,034	806	-	11,205	-	16,045
Sales tax receivable	62,580	-	-	-	-	62,580
Accrued interest receivable	5,663	3,454	-	767	-	9,884
Due from other governments	3,665	172,230	-	6,005	-	181,900
Amount to be provided for capitalized leases	-	-	-	-	293,944	293,944
Total assets	<u>\$ 641,194</u>	<u>\$ 1,999,692</u>	<u>\$ 1,380</u>	<u>\$ 523,620</u>	<u>\$ 293,944</u>	<u>\$ 3,459,830</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants payable	\$ 30,677	\$ 115,663	\$ -	\$ -	\$ -	\$ 146,340
Accounts payable	28,178	93,229	-	-	-	121,407
Due to other taxing units	-	-	-	70,255	-	70,255
Due to others	-	-	-	453,365	-	453,365
Capitalized lease obligations payable	-	-	-	-	293,944	293,944
Total liabilities	<u>58,855</u>	<u>208,892</u>	<u>-</u>	<u>523,620</u>	<u>293,944</u>	<u>1,085,311</u>
Fund balances:						
Reserved for encumbrances	169,150	7,793	-	-	-	176,943
Unreserved:						
Undesignated	413,189	1,783,007	1,380	-	-	2,197,576
Total fund balances	<u>582,339</u>	<u>1,790,800</u>	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>2,374,519</u>
Total liabilities and fund balances	<u>\$ 641,194</u>	<u>\$ 1,999,692</u>	<u>\$ 1,380</u>	<u>\$ 523,620</u>	<u>\$ 293,944</u>	<u>\$ 3,459,830</u>

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

HASKELL COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Revenues:				
Ad valorem	\$ 331,166	\$ 91,373	\$ 4	\$ 422,543
Sales tax	633,552	-	-	633,552
Charges for services	73,638	189,486	-	263,124
Intergovernmental	197,881	4,651,183	-	4,849,064
Miscellaneous	58,395	129,278	-	187,673
Total revenues	<u>1,294,632</u>	<u>5,061,320</u>	<u>4</u>	<u>6,355,956</u>
Expenditures:				
Current operating:				
General government	973,862	71,310	-	1,045,172
Public safety	302,701	189,692	-	492,393
Education	32,661	-	-	32,661
Health and welfare	35,000	100,511	-	135,511
Roads and highways	14,950	3,572,941	-	3,587,891
Total expenditures	<u>1,359,174</u>	<u>3,934,454</u>	<u>-</u>	<u>5,293,628</u>
Excess of revenues over (under) expenditures	<u>(64,542)</u>	<u>1,126,866</u>	<u>4</u>	<u>1,062,328</u>
Other financing sources (uses):				
Capitalized lease agreements	56,000	46,860	-	102,860
Total other financing sources (uses)	<u>56,000</u>	<u>46,860</u>	<u>-</u>	<u>102,860</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(8,542)</u>	<u>1,173,726</u>	<u>4</u>	<u>1,165,188</u>
Beginning fund balances	590,881	617,074	1,376	1,209,331
Ending fund balances	<u>\$ 582,339</u>	<u>\$ 1,790,800</u>	<u>\$ 1,380</u>	<u>\$ 2,374,519</u>

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

HASKELL 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 Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 377,408	\$ 379,632	\$ 2,224	\$ 26,947	\$ 26,139	\$ (808)
Revenues:						
Ad valorem taxes	301,921	330,402	28,481	60,384	66,711	6,327
Sales tax	470,000	633,552	163,552	-	-	-
Charges for services	60,450	69,453	9,003	-	31,862	31,862
Intergovernmental revenues	111,100	195,375	84,275	-	-	-
Miscellaneous revenues	35,949	46,230	10,281	31,966	1,289	(30,677)
Total revenues, budgetary basis	<u>979,420</u>	<u>1,275,012</u>	<u>295,592</u>	<u>92,350</u>	<u>99,862</u>	<u>7,512</u>
Expenditures:						
Current operating:						
General government	1,024,776	987,743	37,033	-	-	-
Public safety	247,780	247,314	466	-	-	-
Education	33,072	32,390	682	-	-	-
Health and welfare	35,000	35,000	-	119,297	99,315	19,982
Roads and highways	16,200	14,950	1,250	-	-	-
Total expenditures, budgetary basis	<u>1,356,828</u>	<u>1,317,397</u>	<u>39,431</u>	<u>119,297</u>	<u>99,315</u>	<u>19,982</u>
Excess of revenues and beginning fund balances over (under) expenditures, budgetary basis	<u>\$ -</u>	337,247	<u>\$ 337,247</u>	<u>\$ -</u>	26,686	<u>\$ 26,686</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances						
Add: Ad valorem taxes receivable		4,034			807	
Sales tax		62,580			-	
Accrued interest		5,663			74	
Due from other governments		3,665			-	
Reserved for encumbrances		169,150			688	
Ending fund balances		<u>\$ 582,339</u>			<u>\$ 28,255</u>	

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

Notes to the Financial Statements

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

In accordance with accounting principles generally accepted in the United States of America the County is required to present the entities that comprise the primary government and its legally separate component units in the fiscal year 2001 general-purpose financial statements. The County had no component units in the fiscal year 2001.

Related Organizations Excluded from the Reporting Entity

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

Haskell County Industrial Development Authority

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

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

Governmental Funds

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

Fiduciary Funds

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

Account Groups

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

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

C. Measurement Focus and Basis of Accounting

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

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

The modified-accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified-accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if collected within 60 days after year-end. Expenditures are recorded when incurred and the related fund liability is expected to be paid from available spendable resources.

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 County Health Department are required to adopt a formal budget. The budget presented for the general and special revenue (County Health Department only) funds include the originally approved budgeted appropriations for expenditures as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other cash funds are made on a monthly basis, according to the funds then available.

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

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

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue (County Health Department only) Funds presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

Summary of Significant Accounting Policies (continued)

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, 2001.

F. Receivables

All receivables are reported at their gross value.

G. Interest Receivable

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

H. Fixed Assets

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

I. Risk Management

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

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

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

Summary of Significant Accounting Policies (continued)

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-SIG The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county pays a deductible amount (\$1,000 to \$10,000; Haskell County has a \$2,500 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool pays legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

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

Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. No significant reductions in insurance coverage occurred during the fiscal year ended June 30, 2001.

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.

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

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Summary of Significant Accounting Policies (continued)

current available financial resources are also reported in the general long-term debt account group.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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.

N. Grant Revenue

Revenues from state grants are recognized when expenditures are incurred.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The 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 Account Balances

A. Deposits

Title 62 O.S. 1996 Supp., § 348.1 authorizes the County Treasurer to invest in:

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Detailed Notes on Account Balances (continued)

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

At year-end, the carrying amount of the County's deposits was \$2,895,477 and the bank balance was \$2,949,332. 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.

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 years.

The net assessed property value as of January 1, 2000, was approximately \$33,211,268. The County levied ten mills for general fund operations, two mills for the County Health Department, three mills for Emergency Medical Service and four mills for City/County Library. 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 percent of the tax levy.

C. Pension Plan

Plan Description. Haskell 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

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Detailed Notes on Account Balances (continued)

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 contributed between 5% and 10% of earned compensation for fiscal year 2001. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributed 10% of earned compensation for elected officials. The County's contributions to the plan for the years ending June 30, 2001, 2000, and 1999, were \$106,805, \$101,354, and \$122,596, respectively, equal to the required contributions for each year.

D. Operating Leases

The government is committed under various operating leases for road machinery and equipment. Lease expenditures for the year ended June 30, 2001, amounted to \$36,850. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2002	\$ 40,500
2003	<u>113,400</u>
Total	<u>\$153,900</u>

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. 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 is reported as interest. Oklahoma Statutes prohibit the County from entering into contracts of this nature longer than one year. For this reason, these lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the County. However, because it is the County's intent to exercise its right to purchase this property, the lease-purchase agreements have been capitalized to conform to generally accepted accounting principles. The unpaid portions of these agreements have been reflected as capitalized lease obligations within the general long-term debt account group.

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Detailed Notes on Account Balances (continued)

Providing all capital leases are renewed each year by resolution of the Board of County Commissioners, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2001, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 160,011	\$ 12,290	\$ 172,301
2003	73,141	5,811	78,952
2004	51,130	1,858	52,988
2005	<u>9,662</u>	<u>243</u>	<u>9,905</u>
Totals	\$ <u>293,944</u>	\$ <u>20,202</u>	\$ <u>314,146</u>

During the year, the County capitalized leases totaling \$102,860 and paid \$132,432 on the outstanding balances of lease-purchase agreements.

F. Long-Term Debt

Changes in Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2001</u>
Capital Leases	\$ <u>323,516</u>	\$ <u>102,860</u>	\$ <u>132,432</u>	\$ <u>293,944</u>
Total	\$ <u>323,516</u>	\$ <u>102,860</u>	\$ <u>132,432</u>	\$ <u>293,944</u>

G. Fund Balance

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. 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.

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001

Detailed Notes on Account Balances (continued)

H. Sales Tax

On February 7, 1984, Haskell County voters approved a permanent sales tax of one percent effective March 1, 1984. One hundred percent of the sales tax proceeds are to be used for general government.

I. 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 road and highways only and are accounted for in the County highway fund. The County highway fund is reported herein as "special revenue," and the fuel tax revenue is presented as "intergovernmental."

4. Contingent Liabilities

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

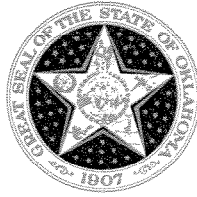
The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Schedule of Expenditures of Federal Awards

**HASKELL COUNTY
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>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed through Oklahoma Civil Emergency Management:			
Public Assistance Grant	83.544	-	\$ 1,934,170
Total Federal Emergency Management Agency			\$ 1,934,170
 <u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct from U. S. Department of Justice			
Public Safety Partnership and Community Policing Grant	16.710	-	\$ 34,901
Total U. S. Department of Justice			\$ 34,901
Total Expenditures of Federal Awards			\$ 1,969,071

**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 73105-4896
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
HASKELL COUNTY, OKLAHOMA

We have audited the financial statements of Haskell County, Oklahoma as of and for the year ended June 30, 2001, and have issued our report thereon dated November 8, 2001. 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. We qualified our opinion because the general fixed assets account group was not included in the general-purpose financial statements.

Compliance

As part of obtaining reasonable assurance about whether Haskell 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 Haskell 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 98-1 and 98-2.

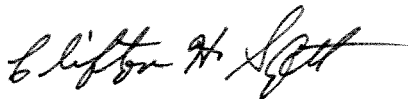
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 98-1 and 98-2 to be material weaknesses.

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

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

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

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

November 8, 2001

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



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 73105-4896
405/521-3495

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

TO THE OFFICERS OF
HASKELL COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Haskell County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Haskell 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 Haskell County's management. Our responsibility is to express an opinion on Haskell County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing 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 Haskell 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 on Haskell County's compliance with those requirements.

In our opinion, Haskell 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 01-01 and 01-02.

Internal Control Over Compliance

The management of Haskell 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 Haskell 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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Haskell County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-01 and 01-02.

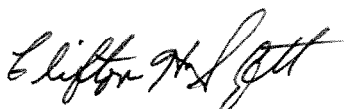
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, none of the reportable conditions described above were considered 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, 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

November 8, 2001

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

SECTION I - 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
weakness(es)?..... NO

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)?..... YES

Type of auditors 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?..... YES

Identification of Major Programs:

CFDA Number(s)

83.544

Name of Federal Program or Cluster

Public Assistance Grant

Dollar threshold used to distinguish

between Type A and Type B programs:..... \$300,000

Auditee qualified as low-risk auditee?

NO

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

SECTION II – Financial Statement Findings

Finding 98-1 (Repeat Finding)

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 county does not maintain a summary listing with the required information for land, buildings, and improvements. The general fixed assets 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.

Management's Corrective Action Plan -

Contact Person: Gail Brown, County Clerk

Anticipated Completion Date: None

Corrective Action Planned: No planned corrective action is anticipated to obtain fixed assets records in such a manner that general fixed assets could be reported in accordance with accounting principles generally accepted in the United States of America.

Finding 98-2 (Repeat Finding)

Criteria: The overall goal of accounting principles generally accepted in the United States of America as they relate to governmental entities is to demonstrate accountability and stewardship in 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: Based on inquiries of County personnel, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

Cause: This lack of segregation of duties is caused by the limited number of employees.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

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

Recommendation: Management should be aware of these conditions 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.

Management's Corrective Action Plan -

Contact Person: Gale Mitchell, County Treasurer

Anticipated Completion Date: Unknown

Corrective Action Planned: We agree the duties of receiving, receipting, recording, and depositing cash and checks should be segregated. The County acknowledges this condition and understands the risks associated with it. We plan to discuss this situation during the budget process and will comply if it is cost effective and feasible. Management is aware of County operations and will be making periodic reviews of those operations.

SECTION III – Federal Award Findings and Questioned Costs

REF NO:	01-01
FEDERAL AGENCY:	Federal Emergency Management Agency (FEMA)
CFDA NO:	83.544
FEDERAL PROGRAM NAME:	Public Assistance Grant
CONTROL CATEGORY:	Cash Management

Criteria: OMB Circular A-133 Compliance Supplement, Part 3-C requires that interest earned on cash advances be submitted promptly, but at least quarterly, to the appropriate agency except that \$100 per year may be kept for administrative expenses.

Condition: Haskell County has deposited FEMA funds into the T2 Highway fund and the General fund. These federal funds were not separated from County funds. Therefore, interest accrued on Federal funds was not identified separately from County funds.

Effect: Interest on Federal funds could be accrued in excess of \$100 per year and not returned to the appropriate agency as required by OMB Circular A-133.

Recommendation: We recommend that all Federal funds be deposited into an account separate from County funds. We further recommend the County monitor interest on Federal funds and return any interest exceeding \$100 to the appropriate agency.

Management's Corrective Action Plan -

Contact Person: Gail Brown, County Clerk

Anticipated Completion Date: Immediately

Corrective Action Planned: We will separate Federal funds in future grants.

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

REF NO: 01-02
FEDERAL AGENCY: Federal Emergency Management Agency (FEMA)
CFDA NO: 83.544
FEDERAL PROGRAM NAME: Public Assistance Grant
CONTROL CATEGORY: Procurement and Suspension and Debarment

Criteria: The OMB Circular A-133 Compliance Supplement, Part 3-I states, "Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all non-procurement transactions. Contractors receiving individual awards of \$100,000 or more and all sub-recipients must certify that the organization and its principals are not suspended or debarred. The non-Federal entities may rely upon the certification unless it knows that the certification is erroneous."

Condition: Upon examining the bid documents for the debris removal projects it was noted that the County did not receive a certification from the contractors stating that they and their principles were not suspended or debarred.

Effect: This condition could result in the County doing business with a suspended or debarred party which is a violation of OMB Circular A-133. Failure to obtain required certifications could result in loss of future Federal funding.

Recommendation: We recommend the County obtain certifications from all contractors receiving Federal funds as required by OMB Circular A-133.

Management's Corrective Action Plan –

Contact Person: Gail Brown, County Clerk

Anticipated Completion Date: Immediately

Corrective Action Planned: We plan to obtain certifications in future grants.