

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

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December 18, 2003

TO THE CITIZENS OF
HASKELL COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahon". The signature is written in dark ink and is positioned above the printed name.

JEFF A. McMAHAN
State Auditor and Inspector

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

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

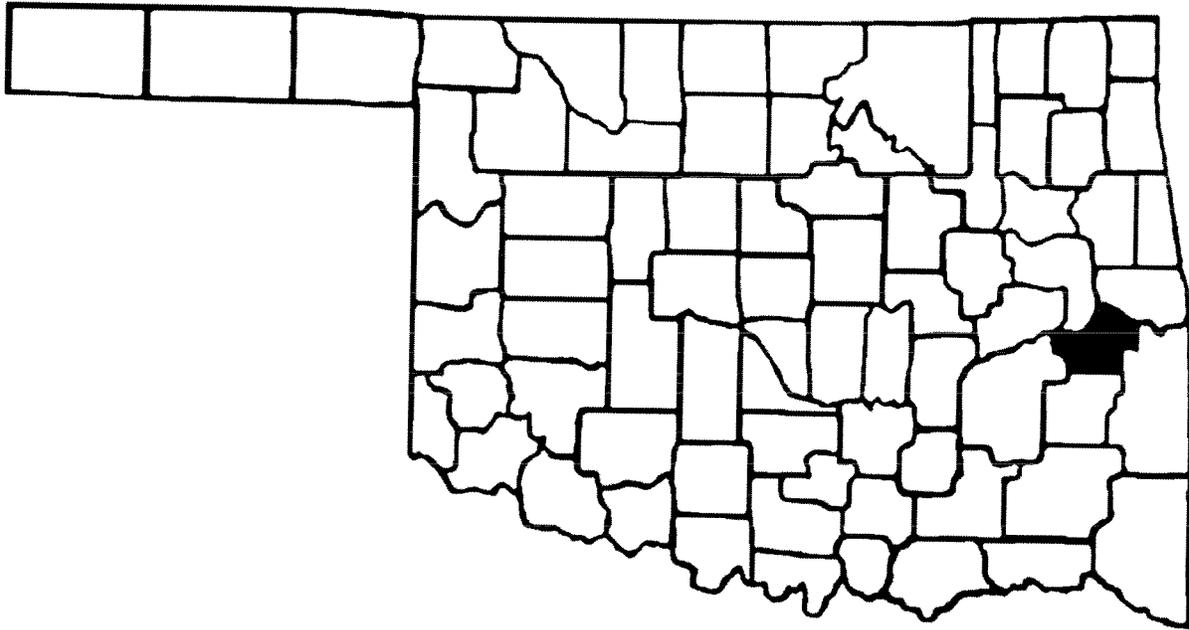
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**REPORT TO THE CITIZENS
OF
HASKELL COUNTY, OKLAHOMA**



Located in eastern Oklahoma, Haskell County was created at statehood and named for Charles N. Haskell, a member of the Oklahoma Constitutional Convention and first governor of Oklahoma.

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

Belle Starr, the bandit queen, frequented the area during the late 1800s. She was reportedly killed near present-day Hoyt.

There is an in-county transit system. Local industries include meat packing, milling and trucking. Recreational opportunities may be found at the Robert S. Kerr Lake, Sequoyah Wildlife Refuge and the Haskell County Recreation Club. Annual events include Reunion Days during the third week in June, the Christmas Parade on the first Saturday in December, and the Antique Car Show during late October.

Haskell County History Indian Territory through 1988 is available from the Haskell County Historical Society. For more information, call the county clerk's office at 918-967-2884.

County Seat – Stigler

Area – 577.1 Square Miles

County Population – 11,421
(1999 est.)

Farms – 872

Land in Farms – 267,655 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR

Roger Ballard
(D) Keota

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

Gail Brown
(D) Stigler

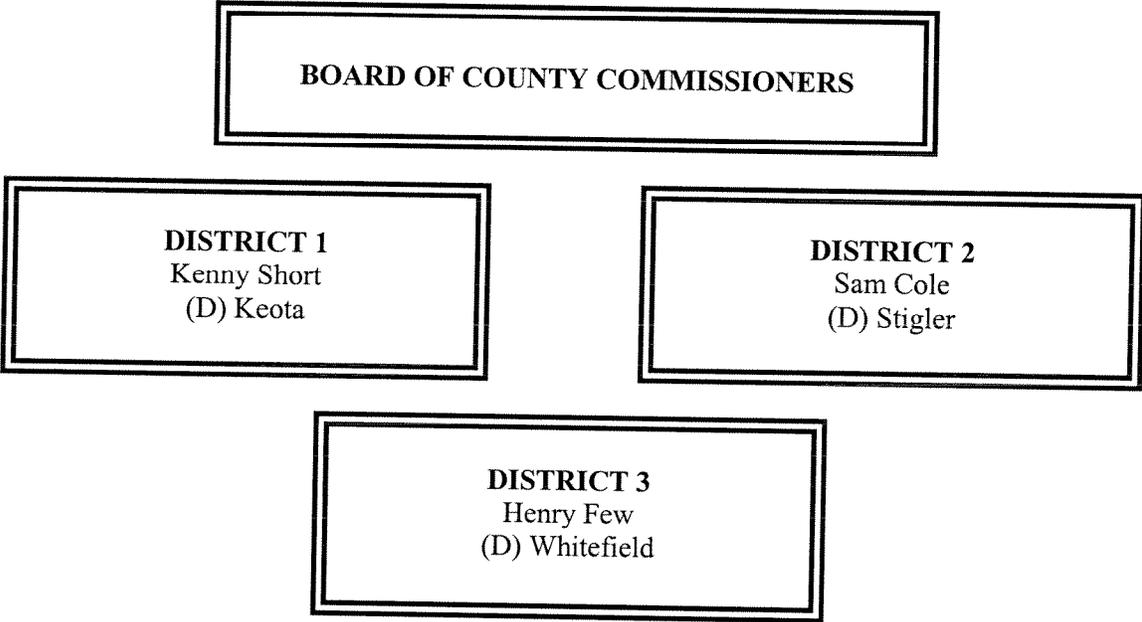
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
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
Jim Bob Miller
(R) 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. 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**

ELECTION BOARD SECRETARY

Marcia Goff
(D) Stigler

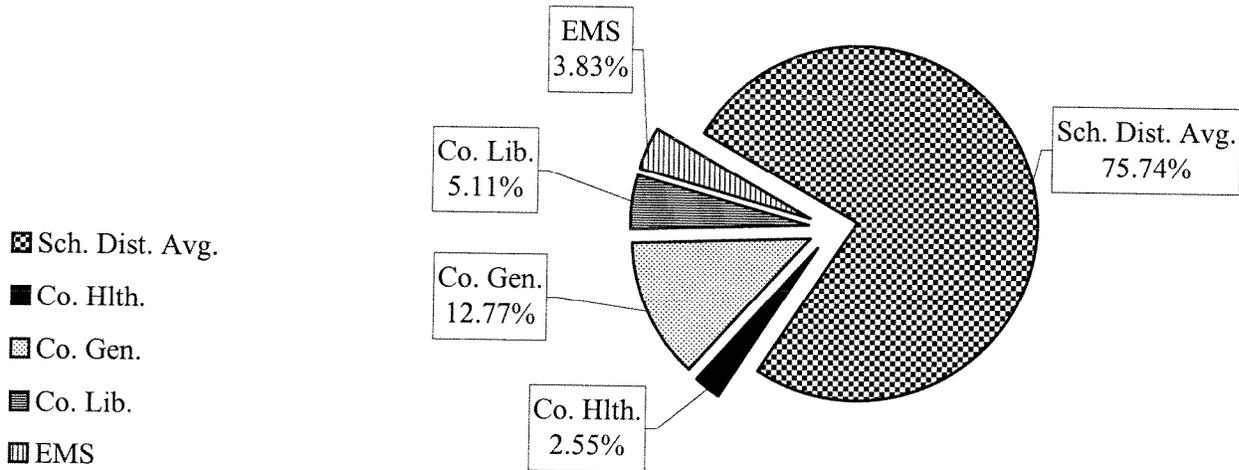
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the 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 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	6.69	12.00	4.00	62.69
County Health	2.00	Keota	35.00	5.00	8.14	12.00	4.00	64.14
EMS	3.00	Kinta	35.00	5.00	4.97	12.00	4.00	60.97
Co. Library	4.00	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

Independent Auditor's Report

TO THE OFFICERS OF
HASKELL COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Haskell 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 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Haskell County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department 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 Haskell 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 Haskell County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department 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 September 4, 2003, 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.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Haskell County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements 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, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahahan".

JEFF A. McMAHAN
State Auditor and Inspector

September 4, 2003

Special-Purpose Financial Statements

HASEKLL 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	Ending Cash Balances June 30, 2002
General	\$ 565,252	\$ 1,289,194	\$ 1,284,606	\$ 569,840
T-Highway	1,211,252	6,384,009	5,884,459	1,710,802
Resale Property	67,606	22,554	29,968	60,192
County Health	38,441	110,411	86,374	62,478
Assessor Visual Inspection	29,288	641	10,179	19,750
County Clerk Lien Fee	14,482	32,151	22,942	23,691
Sheriff's Service Fees	19,168	72,726	86,525	5,369
Civil Defense	598	1,103	1,095	606
Mortgage Fees	11,852	2,976	2,727	12,101
Sheriff's Donations	2,250	26	2,268	8
Bureau of Juvenile Affairs Grant	24		24	
COPS	6,458	25	6,220	263
FEMA Dist 1, 2, & 3	406,553	191,813	473,296	125,070
Lake Patrol	1,110	18,628	17,695	2,043
Community Service Sentencing Program Revolving	1,375	5,710	5,580	1,505
Drug Fund	5	19,687	6,805	12,887
County Assessor Fees	10,452	1,651		12,103
County Clerk Records, Management & Preservation Revolving		20,759		20,759
Sheriff's Bullet-Proof Vest	302	2,628		2,930
Hazard Mitigation	120			120
District Attorney Miscellaneous	972	24		996
District Attorney Victims Lounge	849	19	150	718
District Attorneys Council	43			43
County Sinking	1,380			1,380
2001 Tax		448	448	
2000 Tax		49	49	
Court Clerk Investment	30,000			30,000
National Co-op	28,771	391		29,162
911 Fees	257,970	114,857	33,443	339,384
Multi County Library	674	146,456	142,775	4,355
Emergency Medical Service	34,664	110,555	76,712	68,507
Municipal	4,876	93,084	87,165	10,795
Schools	12,603	2,285,131	2,255,967	41,767
Individual Redemption	85	15,651	15,651	85
Official Depository	93,655	1,226,468	1,208,110	112,013
Electronic Federal Tax Payment System	42,345	362,071	376,893	27,523
Total County Funds	<u>\$ 2,895,475</u>	<u>\$ 12,531,896</u>	<u>\$ 12,118,126</u>	<u>\$ 3,309,245</u>

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

**HASKELL 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	\$ 564,576	\$ 564,576	\$ 565,252	\$ 676
Less: Prior Year Outstanding Warrants	(30,277)	(30,277)	(30,277)	
Less: Prior Year Encumbrances	(196,487)	(196,487)	(196,487)	
Beginning Cash Balances, Budgetary Basis	<u>337,812</u>	<u>337,812</u>	<u>338,488</u>	<u>676</u>
Receipts:				
Ad Valorem Taxes	323,426	323,426	353,305	29,879
Sales Tax	506,000	506,000	670,018	164,018
Charges for Services	60,375	64,863	58,208	(6,655)
Intergovernmental Revenues	114,593	141,440	180,979	39,539
Miscellaneous Revenues	10,500	10,500	26,684	16,184
Total Receipts, Budgetary Basis	<u>1,014,894</u>	<u>1,046,229</u>	<u>1,289,194</u>	<u>242,965</u>
Expenditures:				
District Attorney	11,000	15,456	13,661	1,795
Total District Attorney	<u>11,000</u>	<u>15,456</u>	<u>13,661</u>	<u>1,795</u>
County Sheriff	176,112	180,599	179,825	774
Total County Sheriff	<u>176,112</u>	<u>180,599</u>	<u>179,825</u>	<u>774</u>
County Treasurer	69,647	68,880	68,854	26
Capital Outlay	200	200		200
Total County Treasurer	<u>69,847</u>	<u>69,080</u>	<u>68,854</u>	<u>226</u>
County Commissioners	16,400	16,400	15,250	1,150
Total County Commissioners	<u>16,400</u>	<u>16,400</u>	<u>15,250</u>	<u>1,150</u>
OSU Extension	33,172	34,823	34,770	53
Capital Outlay	700	530	530	
Total OSU Extension	<u>33,872</u>	<u>35,353</u>	<u>35,300</u>	<u>53</u>
County Clerk	86,710	77,710	72,547	5,163
Capital Outlay	2,000	2,000	959	1,041
Total County Clerk	<u>88,710</u>	<u>79,710</u>	<u>73,506</u>	<u>6,204</u>

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	52,780	57,510	52,110	5,400
Total Court Clerk	<u>52,780</u>	<u>57,510</u>	<u>52,110</u>	<u>5,400</u>
County Assessor	53,338	53,820	53,261	559
Total County Assessor	<u>53,338</u>	<u>53,820</u>	<u>53,261</u>	<u>559</u>
Revaluation of Real Property	107,869	123,400	114,286	9,114
Capital Outlay	15,006	15,006	15,006	15,006
Total Revaluation of Real Property	<u>122,875</u>	<u>138,406</u>	<u>114,286</u>	<u>24,120</u>
General Government	515,720	525,604	515,150	10,454
Total General Government	<u>515,720</u>	<u>525,604</u>	<u>515,150</u>	<u>10,454</u>
Excise-Equalization Board	14,672	14,672	7,184	7,488
Total Excise-Equalization Board	<u>14,672</u>	<u>14,672</u>	<u>7,184</u>	<u>7,488</u>
County Election Board	67,642	67,642	52,246	15,396
Capital Outlay	300	300	300	300
Total County Election Board	<u>67,942</u>	<u>67,942</u>	<u>52,246</u>	<u>15,696</u>
Fire Fighting	6,000	6,051	2,158	3,893
Total Fire Fighting	<u>6,000</u>	<u>6,051</u>	<u>2,158</u>	<u>3,893</u>
Recording Account	76,950	76,950	76,702	248
Total Recording Account	<u>76,950</u>	<u>76,950</u>	<u>76,702</u>	<u>248</u>
Civil Defense	1,467	1,467	1,095	372
Total Civil Defense	<u>1,467</u>	<u>1,467</u>	<u>1,095</u>	<u>372</u>
County Audit Budget Account	10,021	10,021	10,021	
Total County Audit Budget Account	<u>10,021</u>	<u>10,021</u>	<u>10,021</u>	<u>-</u>
County Hospital Budget Account	35,000	35,000	35,000	
Total County Hospital Budget Account	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>

continued on next page

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

**HASKELL 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

Total Disbursements, Budgetary Basis	<u>1,352,706</u>	<u>1,384,041</u>	<u>1,305,609</u>	<u>78,432</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	322,073	<u>\$ 322,073</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			217,521	
Add: Current Year Outstanding Warrants			<u>30,246</u>	
Ending Cash Balance			<u>\$ 569,840</u>	

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

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

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 38,441	\$ 38,441	\$ 38,441	\$
Less: Prior Year Outstanding Warrants	(5,284)	(5,284)	(5,284)	
Less: Prior Year Encumbrances	(5,663)	(5,663)	(6,370)	(707)
Beginning Cash Balances, Budgetary Basis	<u>27,494</u>	<u>27,494</u>	<u>26,787</u>	<u>(707)</u>
Receipts:				
Ad Valorem Taxes	64,685	64,685	72,551	7,866
Miscellaneous Revenues		36,501	37,860	1,359
Total Receipts, Budgetary Basis	<u>64,685</u>	<u>101,186</u>	<u>110,411</u>	<u>9,225</u>
Expenditures:				
Health and Welfare	84,679	121,180	86,149	35,031
Capital Outlay	7,500	7,500		7,500
Total Expenditures, Budgetary Basis	<u>92,179</u>	<u>128,680</u>	<u>86,149</u>	<u>42,531</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	51,049	<u>\$ 51,049</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			6,804	
Add: Current Year Outstanding Warrants			<u>4,625</u>	
Ending Cash Balance			<u>\$ 62,478</u>	

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

**HASKELL COUNTY, OKLAHOMA
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - SINKING FUND
FOR THE YEAR ENDED JUNE 30, 2002**

Beginning Cash Balance	\$ <u>1,380</u>
Receipts:	
Ad Valorem Tax	
Miscellaneous	
Total Receipts	<u>-</u>
Disbursements:	
G.O. Bonds	
County Judgments	
Interest Paid	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 1,380</u>

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Court Clerk	\$ 39,972	\$ 612,587	\$ 601,508	\$ 346	\$ 51,397
District Court Fund	8,739	189,688	179,442	690	19,675
District Attorney	12,304	43,305	55,692	436	353
County Clerk	1,013	128,197	127,558	82	1,734
County Sheriff	1,685	59,072	61,797	2,143	1,103
County Treasurer	7,390	41,205	43,091	1,735	7,239
County Election Board	441	12,441	12,933	444	393
County Assessor		1,386	1,386		
County Health Department		39,857	39,857		
Violence Against Women	83				83
District Attorney Property Seizure	16,440	41,185	36,080	10	21,555
District Attorney Restitution	2,106	53,829	54,811	527	1,651
Court Clerk Revolving Fund	1,482	3,716	368		4,830
Court Fund Encumbrance	2,000				2,000
Total Official Depository Accounts	<u>\$ 93,655</u>	<u>\$ 1,226,468</u>	<u>\$ 1,214,523</u>	<u>\$ 6,413</u>	<u>\$ 112,013</u>

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

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 Haskell County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

The 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 and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department 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 and county health department fund.

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

Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

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

F. Risk Management

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

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

HASKELL 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-Insurance 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 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 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.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2002 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All full-time Haskell County employees shall be entitled to vacation leave that is accrued on a monthly basis. Employees may accumulate 10 days or 2 weeks per year. Vacation must be earned before it is taken.

Sick leave is accrued on a monthly basis. Sick leave shall accumulate at the rate of 8 hours for each full calendar month of service and may be accrued up to a maximum of 45 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 Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$3,309,245 and the bank balance was \$3,378,653. 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 Account Balances (continued)

B. Description of Funds

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

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

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

County Health Department - accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

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

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

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

Civil Defense – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

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.

Sheriff's Donations – accounts for the donations from citizens made to the Sheriff's Department for the operation of the office.

Bureau of Juvenile Affairs Grants – accounts for the receipt of federal funds from the Bureau of Juvenile Affairs. Funds are used for transporting and housing juveniles.

COPS – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Services program used for deputies' salaries in the Sheriff's office.

FEMA – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Lake Patrol – accounts for monies received from the Corps of Engineers for patrolling services.

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

Detailed Notes on Account Balances (continued)

Community Service Sentencing Program Revolving – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Drug Fund – accounts for local contributions, grants, or drug forfeitures and is used for payments for confidential informants or purchases of illegal drugs in sting operations.

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

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

Sheriff's Bullet-Proof Vest – accounts for local donations to be used for the purchase of bullet-proof vests.

Hazard Mitigation Grant – accounts for grant funds received from the Federal Emergency Management Agency. Disbursements are made to individuals for safe room projects.

District Attorney Miscellaneous - accounts for reimbursements from the Department of Corrections for contract work for community service.

District Attorney Victims Lounge – accounts for donations received from local citizens to establish a victim's lounge for the District Attorney's Office.

District Attorneys Council – accounts for the remaining matching funds for a grant received from the District Attorneys Council.

County Sinking - accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments. There is currently no long-term debt. The balance remaining will be transferred to the general fund.

2001 Tax – accounts for ad valorem collections held in protest.

2000 Tax - accounts for ad valorem collections held in protests.

Court Clerk Investments – accounts for the funds set aside to update computer system in the Court Clerk's Office.

National Co-op – accounts for funds held in trust from retired local Co-op.

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

Detailed Notes on Account Balances (continued)

911 Fees – accounts for monies received from private telephone companies for the operations of emergency 911 services.

Multi-County Library - accounts for monies collected on behalf of the County Library from ad valorem taxes.

Emergency Medical Service – accounts for the receipt and disbursement of funds from ad valorem taxes for the operation of the ambulance service.

Municipal – accounts from monies collected on behalf of the cities and towns in Haskell County from ad valorem taxes, state and local revenues, and remitted to them monthly.

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

Individual Redemption - accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

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

Electronic Federal Tax Payment Systems – accounts for the temporary holdings of employer and employee payroll taxes.

Additionally, the following official depository accounts are described below:

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

District Court Fund - accounts for fees transferred from district court and interest. Money is disbursed for the purpose of fees for various entities, salaries, and the operation of the office.

District Attorney - accounts for the collection of District Attorney fees transferred from the Merchant account and disbursements of funds restricted by state statute.

County Clerk - accounts for the collection of filing fees and copy fees. Disbursements are made to the Oklahoma Tax Commission and general fund.

County Sheriff - accounts for all collection of foreign service fees and bonds. Monies are vouchered out at the end of the month to the Sheriff's Service Fees account and Court Clerk.

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

Detailed Notes on Account Balances (continued)

County Treasurer - accounts for the overpayment of ad valorem taxes, tax payments made under protest, collection of motor vehicle stamps, and the collection of pre-paid mobile home taxes.

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

County Assessor - accounts for the collection for fees that is transferred to the Assessor's cash account.

County Health Department - accounts for the collection of state funds and charges for services. Money is disbursed on a monthly basis to be transferred to the county health department cash account.

Violence Against Women – accounts for the matching funds remaining from a federal grant.

District Attorney Property Seizure – accounts for collections from fines, fees, and forfeitures and disbursements of funds restricted by court orders and state statutes.

District Attorney Restitution - accounts for collections received by court orders to reimburse victims.

Court Clerk Revolving Fund – accounts for a charge of \$5.00 for each warrant. Money is disbursed in the same manner as the court fund.

Court Fund Encumbrance – accounts for funds set aside for new computer systems in the Court Clerk's Office.

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 \$35,576,886.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.00 mills for the county health department, 4.00 mills for the multi-county library, and 3.00 mills for the emergency medical service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Detailed Notes on Account Balances (continued)

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

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

Current year tax collections for the year ended June 30, 2002, were approximately 97.49 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

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

F. Fuel Tax

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

4. Contingent Liabilities

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

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

5. Sales Tax

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.

Schedule of Expenditures of Federal Awards

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Direct Grant:			
Cooperative Agreement for Law Enforcement Passed Through Oklahoma State Treasurer	12.113		\$ 8,344
Flood Control	12.112		16,324
Total U.S. Department of Defense			<u>24,668</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payments in Lieu of Taxes	15.226		71,557
Total U.S. Department of Interior			<u>71,557</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	DR-1355	4,009,546
Public Assistance Grants	83.544	DR-1384	131,552
Total Federal Emergency Management Agency			<u>4,141,098</u>
Total Expenditures of Federal Awards			<u>\$ 4,237,323</u>

HASKELL COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Basis of Presentation

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

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

**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 special-purpose financial statements of Haskell County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 4, 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 Haskell 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 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 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 in the accompanying Schedule of Findings and Questioned Costs as items 1998-2, 2002-1, 2002-2, 2002-3, 2002-4, 2002-5, and 2002-6.

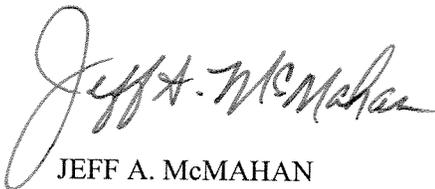
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 1998-2, 2002-1, 2002-2, 2002-3, 2002-4, 2002-5, and 2002-6 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,



JEFF A. McMAHAN
State Auditor and Inspector

September 4, 2003

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

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

TO THE OFFICERS OF
HASKELL COUNTY, OKLAHOMA

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, 2002. 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 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of Haskell County's compliance with those requirements.

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

Internal Control Over Compliance

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

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

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahhan". The signature is written in black ink and is positioned above the printed name and title.

JEFF A. McMAHAN
State Auditor and Inspector

September 4, 2003

Schedule of Findings and Questioned Costs

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting:	Unqualified
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
---	-------------

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
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Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Public Assistance Grants
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	No

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

SECTION 2 - Financial Statement Findings

Finding 1998-2 - Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation is an important element of effective internal control over public assets and resources. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control.

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

Management's Response: We concur with the auditors' findings. Management does have knowledge of County operations and will perform a periodic review of these operations.

Finding 2002-1 – General Fixed Assets

Criteria: An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation. Further, Title 19 O.S. 2001, § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to be each complete working unit thereof is more than Two Hundred Fifty Dollars (\$250.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...".

Condition: The County does not perform a biennial verification of the fixed assets inventory.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

Management's Response: All officers are currently updating inventory records and will complete the form #3512.

Finding 2002-2 – Timesheets and Compensatory Time Off

Criteria: Effective accounting procedures include preparation of timesheets, a review for accuracy, and filing with the payroll department prior to payroll checks being issued. The County's Personnel Policy Handbook and the Fair Labor Standards Act requires that employers keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

Condition: County employees do not prepare timesheets and/or records which reflect accumulated leave balances, are signed and approved by the Officer, and are filed with the County Clerk at the end of each month as required by the County's Personnel Policy Handbook.

Recommendation: We recommend that all employees prepare timesheets with information of time worked, any leave taken during the month, overtime worked, and accumulated leave balances, in order to comply with the County's Personnel Policy Handbook and the Fair Labor Standards. Also, the officer should sign and approve each timesheet and file in the County Clerk's Office.

Management's Response: We concur with the auditors' findings. We have implemented procedures for the accurate accountability of employee leave balances and compensatory time.

Finding 2002-3 – Sheriff's Purchases

Criteria: Title 19 O.S. 2001, § 1500-1505 states the procedures that shall be used by counties for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government.

Condition: The following purchase orders for the Sheriff's Department were not encumbered in a timely manner:

PO#	Warrant#	Vendor	Purpose	Amount	PO Date	Date of Invoice
1808	132	Dunn Ford	Parts/Labor	\$115.42	11-18-01	07-25-01
1860	140	King's Tire Shop	Tires	326.70	11-14-01	11-05-01
2167	154	Shelton's	Groceries	30.20	12-05-01	11-16-01
2169	156	Wal-Mart	Various Cleaning	181.32	12-05-01	09-28-01
2170	157	Fuelman	Fuel	318.80	12-05-01	09-03-01 to 10-29-01
2175	162	Dunn Ford	Parts/Labor	259.90	12-05-01	10-19-01

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

Recommendation: We recommend that all expenditures of the Sheriff's Office be encumbered prior to making purchases.

Management's Response: We are implementing procedures to correct this problem.

Finding 2002-4 – Undocumented Overtime

Criteria: Effective accounting procedures include preparation of timesheets, a review for accuracy, and filing with the payroll department prior to payroll checks being issued. The County's Personnel Policy Handbook and the Fair Labor Standards Act requires that employers keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

Condition: Excessive overtime was paid in Districts 1 and 2 with no documentation for reasons. Also, the overtime paid was not reflected on employees' timesheets.

Recommendation: We recommend that timesheets be reviewed and approved by the officer. We also recommend that leave records be kept. Furthermore, we recommend that employees not be paid for undocumented overtime.

Management's Response: We are implementing procedures to correct this problem.

Finding 2002-5 – Missing Receipt Books

Criteria: Title 19 O.S. 2001, § 2001 155.2 states that receipts should be maintained and not destroyed until after the expiration of 5 years.

Condition: While performing cash compositions, the County Clerk could not locate receipt books from 7-1-01 to 12-5-01. Deposit books could not be located from 7-1-01 to 9-11-01.

Recommendation: We recommend that all records be maintained until such time that state statutes allow for the destruction of those records.

Management's Response: The County Clerk stated that some records were disposed of due to limited storage space and the minimum time limit for maintaining these records had expired. The missing receipt books may have been disposed of by accident.

Finding 2002-6 – Sheriff's Official Depository

Criteria: Effective accounting procedures include that receipts be issued in sequential order for all monies received. Also, receipts should be complete with mode of pay indicated. Title 19 O.S. 2001, § 682 states, "It shall be the duty of each and every county officer... to deposit daily in the official depository

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, property, fees, fines forfeitures and public charges of every kind received or collected by virtue or under color of office.”

Condition: While performing cash compositions, the Sheriff’s Official Depository Account, the following was noted:

1. Receipts are not issued for all monies received,
2. Receipts are not issued in sequential order,
3. Before one receipt book is completed, receipts from another book are being used,
4. Receipts do not indicate mode of payment.

Recommendation: We recommend that receipts be issued for all monies received in the Sheriff’s Office. Receipts should be issued in sequential order and should indicate mode of payment received.

Management’s Response: We concur with the auditor’s findings and are implementing procedures to correct this problem.

SECTION 3 – Federal Award Findings and Questioned Costs

No matters were reported.

Schedule of Prior Year Findings and Questioned Costs

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

Finding 2001-1 – Cash Management

Federal Program: Public Assistance Grant, CFDA 83.544

Funding Agency: Federal Emergency Management Agency

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 were not identified separately from county funds.

Corrective Action Plan: We will separate federal funds in future grants. No findings of this nature were noted for the fiscal year ending June 30, 2002.

Finding 2001-2 – Procurement and Suspension and Debarment

Federal Program: Public Assistance Grant, CFDA 83.544

Funding Agency: Federal Emergency Management Agency

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.

Corrective Action Plan: We plan to obtain certification in future grants. No findings of this nature were noted for the fiscal year ending June 30, 2002.

**Statistical Data
(Unaudited)**

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

TAXPAYER	JANUARY 1, 2002 NET ASSESSED VALUATION	% OF TOTAL NET VALUATION
1 Ozark Gas Transmission	\$ 2,858,575	8.04%
2 Cross Telephone Company	1,509,860	4.24%
3 Southwestern Bell Telephone	1,120,862	3.15%
4 Reliant Field Services	910,890	2.56%
5 Public Service Company	736,763	2.07%
6 Enogex Gas Gathering	592,194	1.66%
7 Hanover Compressor	426,560	1.20%
8 Farrell-Cooper Mining	305,095	0.86%
9 OK Industries	270,715	0.76%
10 Selrahc	255,905	0.72%
Total	<u>\$ 8,987,419</u>	<u>25.26%</u>

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

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

Total net assessed value as of January 1, 2001		<u>\$ 35,576,886</u>
Debt Limit - 5% of total assessed value		1,778,844
Total bonds outstanding	-	
Total judgments outstanding	<u>-</u>	
Legal Debt Margin		<u>\$ 1,778,844</u>

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

	2002
Estimated population	11,421
Net assessed value	\$ -
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

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

Tax Year	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
2001	\$ 8,715,825	\$ 7,674,206	\$ 22,382,735	\$ 3,195,880	\$ 35,576,886	\$ 317,596,937

Contact: State Auditor and Inspector Jeff McMahan
Room 100 State Capitol Building
Oklahoma City, OK 73105
Phone: 405-521-3495

December 19, 2003
FOR IMMEDIATE RELEASE

STATE AUDIT RELEASED ON HASKELL COUNTY

(OKLAHOMA CITY) State Auditor and Inspector Jeff McMahan announced that the audit performed on Haskell County for the year ended June 30, 2002, has been released. It is now considered a public record. The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States of America. Oklahoma Law requires the State Auditor to conduct an audit on the books, records, and accounts of each county.

“We appreciate the officials and employees of Haskell County for the assistance and cooperation extended to us during this engagement, and for being mindful of the need for public fund accountability,” McMahan said. “Especially during these times of economic concern, the citizens of Haskell County should know that their tax dollars are being examined and the financial condition is being reported,” he added.

The report is on file at the Haskell County Clerk’s office and may be accessed at www.sai.state.ok.us. Copies may also be obtained by contacting the Office of the State Auditor and Inspector, Room 100 State Capitol Building, Oklahoma City, Oklahoma 73105.