HASKELL COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2003

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

J. TIM ARBAUGH
Abstractor Registrar

May 14, 2004

TO THE CITIZENS OF
HASKELL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Haskell County, Oklahoma, for the fiscal year ended June 30, 2003. 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,

Jeff A. McMahan

JEFF A. McMAHAN
State Auditor and Inspector

2300 North Lincoln Boulevard • Room 100 State Capitol • Oklahoma City, OK 73105-4801 • (405) 521-3495 • Fax (405) 522-4306 • www.sai.state.ok.us

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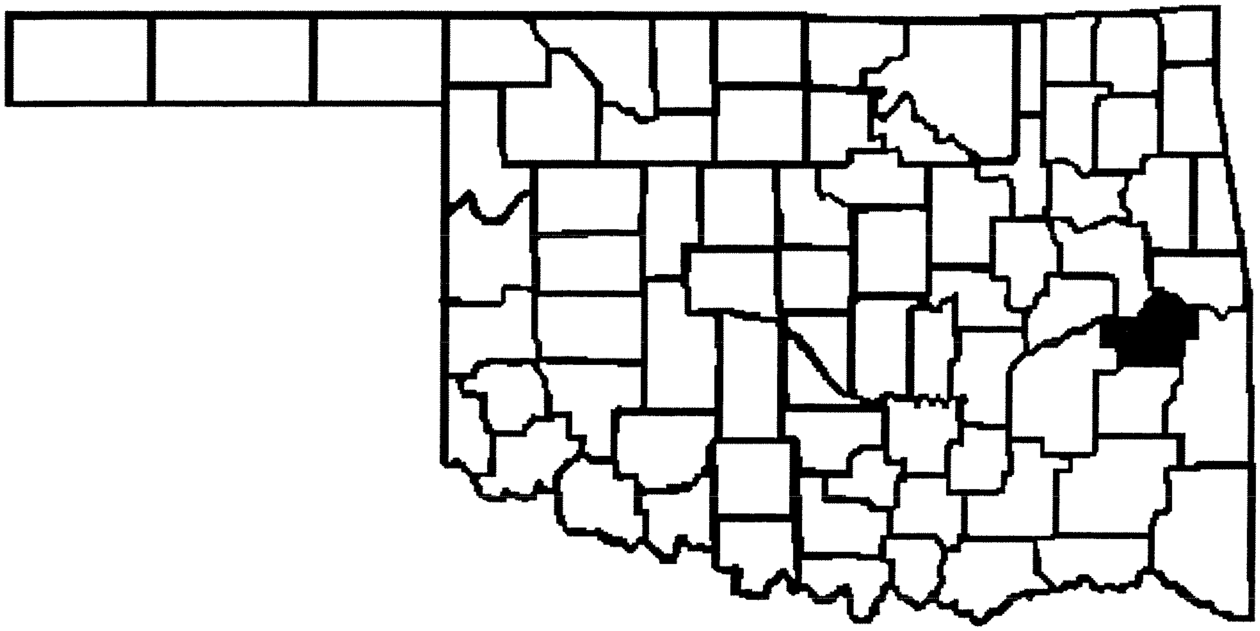


Located in eastern Oklahoma, Haskell County was created at statehood and named for Charles N. Haskell, a member of the Oklahoma Constitutional Convention and first governor of Oklahoma.

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 - 11,792 (2000 est.)

Farms – 872

Land in Farms - 267,655 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

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.

BOARD OF COUNTY COMMISSIONERS

DISTRICT 1
Kenny Short
(D) Keota

DISTRICT 2
Sam Cole
(D) Stigler

DISTRICT 3
Henry Few
(D) Whitefield

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

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

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

COUNTY SHERIFF
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.

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
Chris Wilson
(D) McAlester

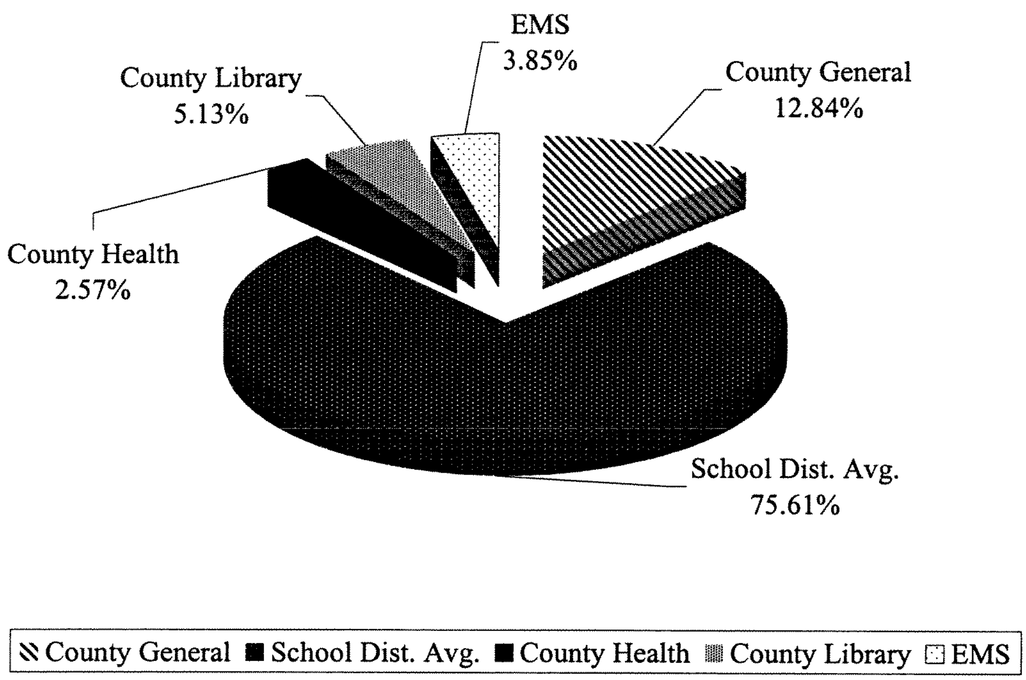
As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an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

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.

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	
Co. General	10.00
County Health	2.00
EMS	3.00
County Library	4.00

School District Millages

	Gen.	Bldg.	Skg.	Tech Cntr	Tech Cntr Bldg.	Common	Total
Stigler	35.00	5.00	5.87	10.00	2.00	4.00	61.87
Keota	35.00	5.00	6.77	10.00	2.00	4.00	62.77
Kinta	35.00	5.00	4.75	10.00	2.00	4.00	60.75
McCurtain	35.00	5.00		10.00	2.00	4.00	56.00
Whitefield	35.00	5.00		10.00	2.00	4.00	56.00
Quinton	35.00	5.00		10.00	2.00	4.00	56.00

See independent auditor's report.

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

J. TIM ARBAUGH
Abstractor Registrar

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, 2003, 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 the county health department of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2004, 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.

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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.

Sincerely,

Jeff A. McMahan

JEFF A. McMAHAN
State Auditor and Inspector

March 29, 2004

Special-Purpose Financial Statements

HASKELL COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2003

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
General Fund	$ 569,840	$ 1,299,177	$ 1,266,312	$ 602,705
T-Highway	1,710,802	2,966,462	3,182,529	1,494,735
Resale Property	60,192	27,557	31,508	56,241
County Health Department	62,478	133,102	85,936	109,644
Assessor Visual Inspection	19,750	367		20,117
County Clerk Lien Fee	23,691	26,596	15,350	34,937
Sheriff's Service Fees	5,369	80,079	73,306	12,142
Civil Defense	606	364	710	260
Mortgage Fees	12,101	2,938	2,040	12,999
Sheriff's Donations	8			8
COPS	263	19		282
FEMA	125,070	205	125,275	
Lake Patrol	2,043	20,267	19,582	2,728
C.S.S.P. Revolving	1,505	4,665	5,861	309
Drug Fund	12,887	3,065	15,805	147
County Assessor Fees	12,103	1,344		13,447
County Clerk RM&P Revolving	20,759	23,546		44,305
Sheriff's Bullet-Proof Vest	2,930	2,799	5,000	729
Hazard Mitigation	120		120	
District Attorney Miscellaneous	996	15		1,011
District Attorney Victim's Lounge	718	11		729
District Attorney's Council	43			43
County Sinking	1,380			1,380
2002 Tax		56	56	
2001 Tax		138	138	
Court Clerk Investment	30,000			30,000
National Co-op	29,162	224	1,127	28,259
911 Fees	339,384	123,845	102,291	360,938
Multi-County Library	4,355	153,975	155,330	3,000
Emergency Medical Service	68,507	115,936	131,687	52,756
Municipal	10,795	78,664	79,214	10,245
Schools	41,767	2,377,852	2,369,959	49,660
Individual Redemption	85	11,772	11,357	500
Official Depository	112,013	1,400,897	1,310,460	202,450
E. F. T. P. S	27,523	330,066	329,121	28,468
2002 Protest Tax		30,184		30,184
EOP Grant		2,871		2,871
Total County Funds	$ 3,309,245	$ 9,219,058	$ 9,320,074	$ 3,208,229

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, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	$ 569,840	$ 569,840	$ 569,840	$
Less: Prior Year Outstanding Warrants	(30,246)	(30,246)	(30,246)	
Less: Prior Year Encumbrances	(217,521)	(217,521)	(217,401)	120
Beginning Cash Balances, Budgetary Basis	322,073	322,073	322,193	120
Receipts:				
Ad Valorem Taxes	342,740	342,740	375,796	33,056
Sales Tax	536,000	536,000	675,360	139,360
Charges for Services	51,477	51,477	65,457	13,980
Intergovernmental Revenues	120,175	148,718	166,886	18,168
Miscellaneous Revenues	7,500	7,500	15,678	8,178
Total Receipts, Budgetary Basis	1,057,892	1,086,435	1,299,177	212,742
Expenditures:				
District Attorney	11,000	13,359	11,892	1 467
Total District Attorney	11,000	13,359	11,892	1,467
County Sheriff	156,112	166,782	166,117	665
Total County Sheriff	156,112	166,782	166,117	665
County Treasurer	65,810	63,776	63,775	1
Capital Outlay	7,037	9,071	9,071	
Total County Treasurer	72,847	72,847	72,846	1
OSU Extension	33,172	26,857	26,577	280
Capital Outlay	700	7,015	6,976	39
Total OSU Extension	33,872	33,872	33,553	319
County Clerk	86,710	84,369	75,044	9,325
Capital Outlay	2,000	4,676	4,674	2
Total County Clerk	88,710	89,045	79,718	9,327
Court Clerk	52,780	52,839	52,780	59
Total Court Clerk	52,780	52,839	52,780	59
County Assessor	53,338	53,458	52,965	493
Total County Assessor	53,338	53,458	52,965	493

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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, 2003

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	107,869	135,653	97,231	38,422
Capital Outlay	15,006	48		48
Total Revaluation of Real Property	122,875	135,701	97,231	38,470
General Government	570,327	559,738	527,465	32,273
Total General Government	570,327	559,738	527,465	32,273
Excise-Equalization Board	25,622	17,122	7,636	9 486
Total Excise-Equalization Board	25,622	17,122	7,636	9,486
County Election Board	66,412	66,413	54,837	11,576
Capital Outlay	300	300		300
Total County Election Board	66,712	66,713	54,837	11,876
Fire Fighting Services	5,000	5,000	1,759	3 241
Total Fire Fighting Services	5,000	5,000	1,759	3,241
Civil Defense	5,050	13,234	4,520	8,714
Total Civil Defense	5,050	13,234	4,520	8,714
Sheriff Dispatch	76,950	90,028	90,028	
Total Sheriff Dispatch	76,950	90,028	90,028	-
County Audit Budget Account	3,770	3,770	3,608	162
Total County Audit Budget Account	3,770	3,770	3,608	162
County Hospital Budget Account	35,000	35,000	35,000	
Total County Hospital Budget Account	35,000	35,000	35,000	-
Total Disbursements, Budgetary Basis	1,379,965	1,408,508	1,291,955	116,553

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, 2003

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	Original Budget	Final Budget	Actual	Variance
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	$ -	$ -	329,415	$ 329,415
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			4,136	
Add: Current Year Outstanding Warrants			269,154	
Ending Cash Balance			$ 602,705	

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, 2003

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	$ 62,478	$ 62,478	$ 62,478	$
Less: Prior Year Outstanding Warrants	(4,625)	(4,625)	(4,625)	
Less: Prior Year Encumbrances	(6,804)	(6,804)	(6,701)	103
Beginning Cash Balances, Budgetary Basis	51,049	51,049	51,152	103
Receipts:				
Ad Valorem Taxes	68,548	68,548	76,288	7,740
Miscellaneous Revenues		53,498	56,814	3,316
Total Receipts, Budgetary Basis	68,548	122,046	133,102	11,056
Expenditures:				
Health and Welfare	115,597	169,095	77,157	91,938
Capital Outlay	4,000	4,000		4,000
Total Expenditures, Budgetary Basis	119,597	173,095	77,157	95,938
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	$ -	$ -	107,097	$ 107,097
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			902	
Add: Current Year Outstanding Warrants			1,645	
Ending Cash Balance			$ 109,644	

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, 2003

Beginning Cash Balance	$ 1,380
Receipts:	
Ad Valorem Tax	
Total Receipts	-
Disbursements:	
Total Disbursements	-
Ending Cash Balance	$ 1,380

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, 2003

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
District Court Clerk	$ 51,397	$ 649,245	$ 561,069	$ 945	$ 140,518
District Court Fund	19,675	288,166	280,193	50	27,698
District Attorney	353				353
County Clerk	1,734	132,161	134,035	140	
County Sheriff	1,103	117,822	113,293	800	6,432
County Treasurer	7,239	60,322	61,395	9	6,175
County Election Board	393	26,813	27,101	648	753
County Assessor		1,098	1,098		
County Health Department		58,343	58,343		
Violence Against Women	83				83
District Attorney Property Seizure	21,555	35,508	49,524		7,539
District Attorney Restitution	1,651	24,386	22,727	511	3,821
Court Clerk Revolving Fund	4,830	5,144	4,197		5,777
Court Fund Encumbrance	2,000				2,000
Inmate Trust Fund		1,889	588		1,301
Total Official Depository Accounts	$ 112,013	$ 1,400,897	$ 1,313,563	$ 3,103	$ 202,450

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.

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, 2003.

F. Risk Management

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

Types of Loss	Method Managed	Risk of Loss Retained
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-Insurance Group. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.

Summary of Significant Accounting Policies (continued)

Types of Loss	Method Managed	Risk of Loss Retained
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 $100,000; the County has a $50,000 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 2003 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 between 5 to 20 days per year depending on years of service. 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 calendar month of service and may be accrued up to a maximum of 20 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was $3,208,229 and the bank balance was $3,234,127. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 authorizes the County Treasurer to invest in:
- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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

T-Highway - 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 Fee – 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.

Mortgage Fees – account 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 – account for the donations from citizens made to the Sheriff's Department for the operation of the office.

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.

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

Detailed Notes on Funds and Account Balances (continued)

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 – account for the collection of fees for copies restricted by state statute.

County Clerk RM&P 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 vest.

Hazard Mitigation – 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 Victim's Lounge – accounts for donations received from local citizens to establish a victim's lounge for the District Attorney's office.

District Attorney's Council – accounts for the remaining match funds for a grant received from the District Attorney's Council.

County Sinking – accounts for the payment of interest and principal on the matures portion of long-term bonded debt and civil judgment. Debt service receipts arte derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

2002 Tax – accounts for ad valorem collections held in protest.

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

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

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

911 Fees – account 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.

Detailed Notes on Funds and Account Balances (continued)

Emergency Medical Service – accounts for monies collected on behalf of the EMS from ad valorem taxes and remitted to them monthly.

Municipal – accounts for 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 in delinquent taxes.

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

E.F.T.P.S. – accounts for the temporary holdings of employer and employee payroll taxes.

2002 Protest Tax – accounts for ad valorem collections held in protest.

EOP Grant – accounts for federal grants received to develop an emergency operations plan.

The following narrative details the official depository accounts.

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 disbursed 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 fee account.

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

Detailed Notes on Funds and Account Balances (continued)

County Election Board – accounts for reimbursement of election and is disbursed for refunds of election fees and maintenance and operations of the office.

County Assessor – accounts for the collection of 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 match 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 court fund.

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

Inmate Trust Fund – accounts for money held in trust for inmates to be used for commissary purposes.

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, 2002, was approximately $37,701,388.

Detailed Notes on Funds and Account Balances (continued)

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.

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, 2003, were approximately 97.55 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% on all subsequent pieces of machinery acquired.

Detailed Notes on Funds and Account Balances (continued)

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
JUNE 30, 2003

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Grant:			
Flood Control	12.112		$ 16,763
Total U.S. Department of Defense			16,763
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payment in Lieu of Taxes	15.226		45,528
Total U.S. Department of Interior			45,528
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Bureau of Indian Affairs:			
Highway Planning and Construction	20.205	CM GOO 1230 02	25,000
Highway Planning and Construction	20.205	CM GOO 1231 02	250,000
U. S. Department of Transportation			275,000
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
Bullet-Proof Vest Partnership Program	16.607	2001 BUBX 0100 8062	2,750
Total U.S. Department of Justice			2,750
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	DR-1355	77,489
Public Assistance Grants	83.544	DR-1384	103,814
Total Federal Emergency Management Agency			181,303
Total Expenditures of Federal Awards			$ 521,344

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*

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

J. TIM ARBAUGH
Abstractor Registrar

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, 2003, and have issued our report thereon dated March 29, 2004. 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*. However, we noted certain immaterial instances of noncompliance, which we have reported to management and are included in Section 4 of the schedule of findings and questioned costs, contained within this report.

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, 2002-2, 2003-1 and 2003-2.

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, of the reportable conditions described above, we consider item 1998-2 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,

Jeff A. McMahan

JEFF A. McMAHAN
State Auditor and Inspector

March 29, 2004

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

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

J. TIM ARBAUGH
Abstractor Registrar

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

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, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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,

Jeff A. McMahan

JEFF A. McMAHAN
State Auditor and Inspector

March 29, 2004

Schedule of Findings and Questioned Costs

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
15.226	Payments in Lieu of Taxes

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

SECTION 2 - Findings related to the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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 government 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 structure.

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view.

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

Finding 2002-2 – Timesheets and Compensatory Time Off (Repeat Finding)

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 from District #1, #2, and #3, the Election Board, and the Sheriff's Office 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 2003-1 - Disaster Recovery Plan

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery & Support 4.3), management should ensure that a written Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the recovery plan,
- Emergency procedures to ensure the safety of all affected staff members,
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel,
- Listing of systems requiring alternatives (hardware, peripherals, software),
- Listing of highest to lowest priority applications, required recovery times and expected performance norms,
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution,
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc. and a source and alternative source defined,
- Training and/or awareness of individual and group roles in continuity plan,
- Listing of contracted service providers,
- Logistical information on location of keys resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation,
- Current names, addresses, telephone/pager numbers of key personnel,
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: The County does not have a written Disaster Recovery Plan.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data.

Management's Response: We are currently working to develop a written Disaster Recovery Plan.

Finding 2003-2 – Written Policies and Procedures for the IT System

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery and Support 7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibilities.

Condition: The County does not have written policies and procedures addressing information security or provide adequate awareness training.

Recommendation: We recommend the County establish Information Security policies and procedures. A security awareness-training program should be established requiring all the employees using computers to participate.

Management's Response: We are currently working to implement written policies and procedures for our information systems.

SECTION 3 – Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.

No matters were reported.

SECTION 4 - Other Audit Findings - This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2003-3 – General Fixed Assets

Criteria: 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 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.

2003-4 - Sheriff's Official Depository

Criteria: 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 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 for 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.
5. Some receipt books and deposit books could not be located.
6. Daily deposits are not being made.
7. Cash bonds are sometimes handed back to defendants and receipts and items on deposit slip cancelled.

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. All receipt books and deposit books should be safely retained. Deposits should be made in a timely manner. All cash bonds should be deposited and vouchers remitted for refunds.

Finding 2003-5 – Sheriff's Overtime Compensation

Criteria: Fair Labor Standards Act Section 13 (a)(1) exempts executives, administrative, professional, and outside sales employees from the minimum wages and overtime requirements.

Condition: The Haskell County Sheriff was paid $3,555.00 for overtime pay from the Department of Justice for time worked on drug cases.

Recommendation: We recommend Haskell County refrain from paying elected officials for overtime. Any reimbursements from other agencies should be deposited in the Sheriff Service Fee Fund or the General Fund to be used for the operation of the office.

Finding 2003-6 – CEM Salary Paid from Highway

Criteria: Title 69 O.S. 2001, § 1503 states, "All monies raised for use on the county highways in each county, or apportioned to each county for road purposes, from any source,...to be expended on order of the board of county commissioners on county highways as defined herein..."

Condition: The County Commissioners are using highway funds to pay salaries for the Civil Emergency Management Office. This office has a director and a secretary.

Recommendation: We recommend all county highway funds be used only for purposes outlined in the state statutes.

Finding 2003-7 – Retirement Payments

Criteria: Title 74 O.S. 201, § 911(2) states, "Any employee other than a state elected official who is employed by a participating employer after the entry date of such employer shall be a member of the System on the first day of the month immediately following employment."

Condition: The County did not withhold OPERS deductions from thirty-five county employees' payroll checks.

Recommendation: We recommend the County deduct OPERS in compliance with Oklahoma Public Employment Retirement System requirements.

Statistical Data
(Unaudited)

HASKELL COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)

TAXPAYER NAME	ASSESSED VALUE	% OF TOTAL NET VALUATION
Ozark Gas Transmission	$ 2,535,815	6.73%
Southwestern Bell	1,416,148	3.76%
Cross Telephone Company	1,207,568	3.20%
Public Service of Oklahoma	1,184,577	3.14%
Reliant Energy	867,958	2.30%
ONG	746,874	1.98%
Enogex Inc.	671,864	1.78%
Hanover Compressor Company	577,380	1.53%
Tiger Rock & Asphalt Inc.	443,385	1.18%
Williams Pipeline Company	324,310	0.86%
Total	$ 9,975,879	26.46%

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

HASKELL COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)

Total net assessed value as of January 1, 2002		$ 37,701,388
Debt limit - 5% of total assessed value		1,885,069
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	1,380	-
Legal debt margin		$ 1,885,069

HASKELL COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)

	2003
Estimated population	11,792
Net assessed value	$ 37,701,388
Gross bonded debt	-
Less available sinking fund cash balance	1,380
Net bonded debt	$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	$ -

HASKELL COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)

Tax Year	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
2003	$9,355,065	$8,198,948	$23,371,040	$3,223,665	$37,701,388	$372,045,936