

**HASKELL COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

October 12, 2005

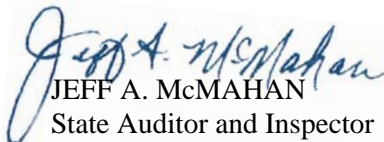
TO THE CITIZENS OF
HASKELL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Haskell County, Oklahoma, for the fiscal year ended June 30, 2004. 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
State Auditor and Inspector

**HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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**HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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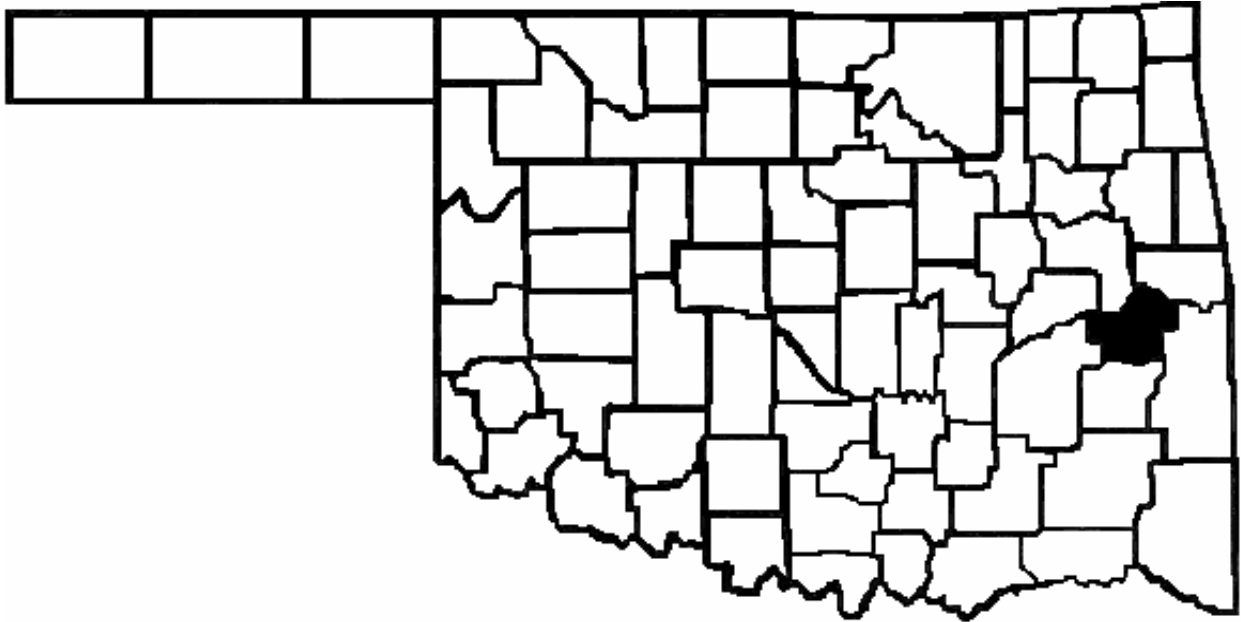
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**REPORT TO THE CITIZENS
OF
HASKELL COUNTY, OKLAHOMA**



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 - 11,792 (2000 est.)

Farms – 872

Land in Farms - 267,655 Acres

Primary Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**HASKELL 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

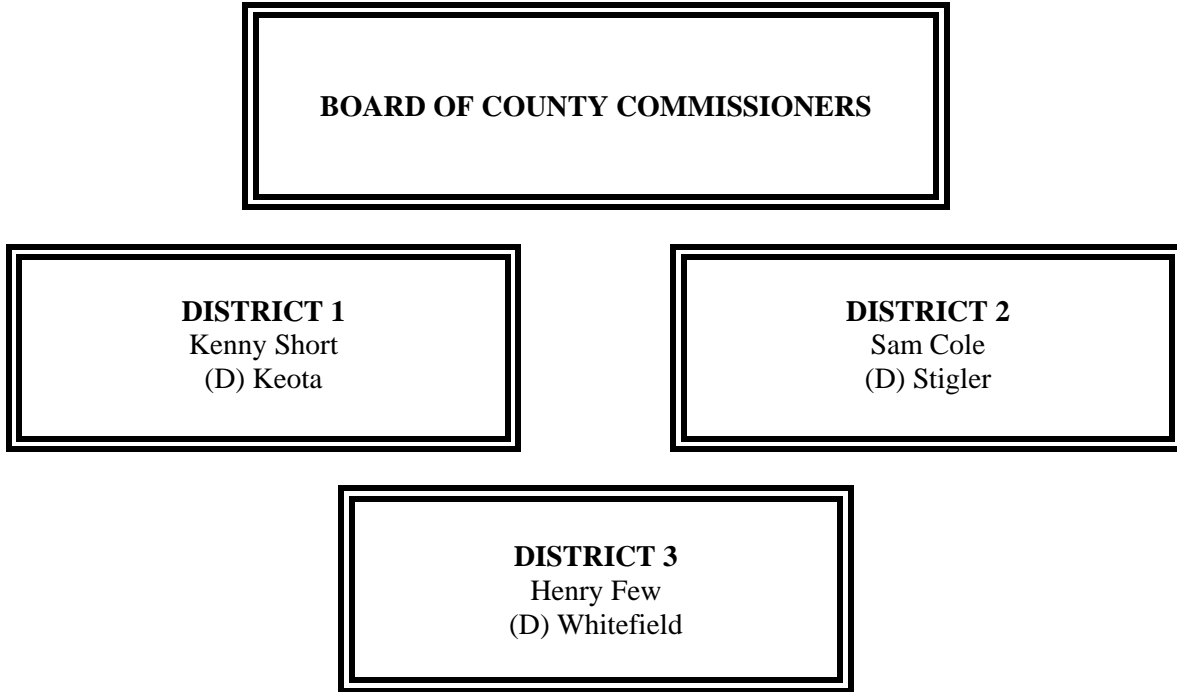
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**HASKELL 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.

**HASKELL 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.

**HASKELL 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
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.

See independent auditor's report.

**HASKELL COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY
Marcia Goff
(D) Stigler

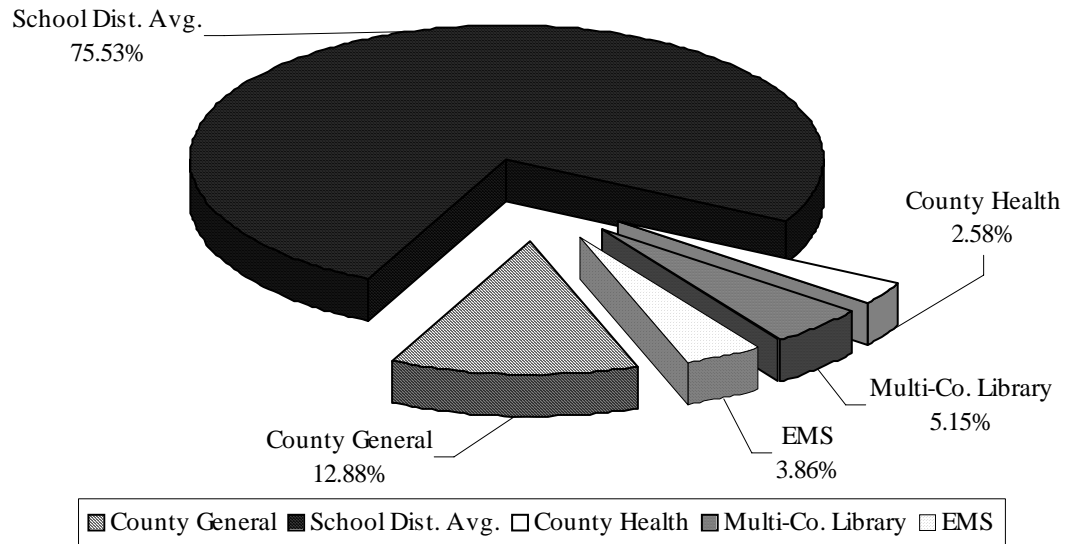
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**HASKELL COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
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.	Tech Cntr.	Cntr. Bldg.	Common	Total
Co. General	10.00								
County Health	2.00	Stigler	35.00	5.00	5.50	10.00	2.00	4.00	61.50
EMS	3.00	Keota	35.00	5.00	6.56	10.00	2.00	4.00	62.56
County Library	4.00	Kinta	35.00	5.00	3.56	10.00	2.00	4.00	59.56
		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.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

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, 2004, 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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 fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

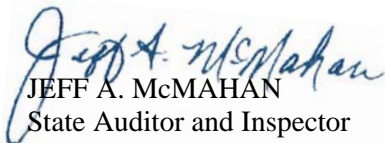
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Haskell County, Oklahoma, taken as a whole. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we express no opinion on such information.

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

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

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

Sincerely,


JEFF A. McMAHAN
State Auditor and Inspector

June 30, 2005

Special-Purpose Financial Statements

**HASKELL COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balances June 30, 2004
General Fund	\$ 602,705	\$ 1,479,609	\$ 1,380	\$	\$ 1,517,674	\$ 566,020
T-Highway	1,494,735	3,109,633			3,220,325	1,384,043
Resale Property	56,241	27,990			36,678	47,553
County Health Department	109,644	128,752			75,335	163,061
Assessor Visual Inspection	20,117	269				20,386
County Clerk Lien Fee	34,937	24,538			24,134	35,341
Sheriff's Service Fees	12,142	82,605			78,891	15,856
Civil Defense	260	1,662			1,002	920
Mortgage Fees	12,999	3,196			1,097	15,098
Sheriff's Donations	8	670			8	670
COPS	282					282
Lake Patrol	2,728	11,045			6,793	6,980
C.S.S.P. Revolving	309					309
Drug Fund	147	27,590			26,716	1,021
County Assessor Fees	13,447	1,237			538	14,146
County Clerk RM&P Revolving	44,305	25,136			17,654	51,787
Sheriff's Bullet-Proof Vest	729	1				730
District Attorney Miscellaneous	1,011					1,011
District Attorney Victim's Lounge	729					729
District Attorney's Council	43	3,452			3,495	
County Sinking	1,380			1,380		
2002 Protest Taxes	30,184	3,434			33,618	
Court Clerk Investment	30,000					30,000
National Co-op	28,259	102				28,361
911 Fees	360,938	122,885			482,832	991
Multi-County Library	3,000	162,269			162,358	2,911
Emergency Medical Service	52,756	121,971			108,609	66,118
Municipal	10,245	80,338			84,250	6,333
Schools	49,660	2,497,579			2,498,425	48,814
Individual Redemption	500	6,484			6,797	187
Official Depository	202,450	1,346,602			1,437,764	111,288
E. F. T. P. S	28,468	336,721			365,189	
EOP Grant	2,871	1,399			3,816	454
Civil Defense EMP Grant		5,854			5,757	97
Mortgage Tax Refund		91			91	
District Attorney's Council Grant		4,103			4,103	
CDBG		42,740			41,260	1,480
2003 Taxes		569			569	
Total County Funds	\$ 3,208,229	\$ 9,660,526	\$ 1,380	\$ 1,380	\$ 10,245,778	\$ 2,622,977

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, 2004**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 602,705	\$ 602,705	\$ 602,705	\$ -
Less: Prior Year Outstanding Warrants	(269,154)	(269,154)	(269,154)	
Less: Prior Year Encumbrances	(4,136)	(4,136)	(4,248)	(112)
Beginning Cash Balances, Budgetary Basis	<u>329,415</u>	<u>329,415</u>	<u>329,303</u>	<u>(112)</u>
Residual Equity Transfer In	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>1,380</u>
Receipts:				
Ad Valorem Taxes	369,873	369,873	399,364	29,491
Sales Tax	541,000	541,000	808,213	267,213
Charges for Services	58,407	58,407	75,429	17,022
Intergovernmental Revenues	113,311	154,648	173,853	19,205
Miscellaneous Revenues	7,000	7,000	22,750	15,750
Total Receipts, Budgetary Basis	<u>1,089,591</u>	<u>1,130,928</u>	<u>1,479,609</u>	<u>348,681</u>
Expenditures:				
County Sheriff	139,608	207,802	206,289	1,513
Total County Sheriff	<u>139,608</u>	<u>207,802</u>	<u>206,289</u>	<u>1,513</u>
County Treasurer	75,438	75,358	74,946	412
Capital Outlay	100	180	180	
Total County Treasurer	<u>75,538</u>	<u>75,538</u>	<u>75,126</u>	<u>412</u>
OSU Extension	32,672	29,172	29,160	12
Capital Outlay	700	4,200	4,168	32
Total OSU Extension	<u>33,372</u>	<u>33,372</u>	<u>33,328</u>	<u>44</u>
County Clerk	88,891	88,891	76,141	12,750
Capital Outlay	1,000	1,000	897	103
Total County Clerk	<u>89,891</u>	<u>89,891</u>	<u>77,038</u>	<u>12,853</u>
Court Clerk	56,990	56,990	54,865	2,125
Total Court Clerk	<u>56,990</u>	<u>56,990</u>	<u>54,865</u>	<u>2,125</u>
County Assessor	54,619	54,609	54,308	301
Capital Outlay	100	100		100
Total County Assessor	<u>54,719</u>	<u>54,709</u>	<u>54,308</u>	<u>401</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, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	115,334	109,807	105,596	4,211
Capital Outlay	6,500	10,500	7,360	3,140
Total Revaluation of Real Property	<u>121,834</u>	<u>120,307</u>	<u>112,956</u>	<u>7,351</u>
General Government	589,761	564,141	561,934	2,207
Total General Government	<u>589,761</u>	<u>564,141</u>	<u>561,934</u>	<u>2,207</u>
Excise-Equalization Board	10,400	10,400	7,735	2,665
Total Excise-Equalization Board	<u>10,400</u>	<u>10,400</u>	<u>7,735</u>	<u>2,665</u>
County Election Board	60,712	61,012	52,432	8,580
Total County Election Board	<u>60,712</u>	<u>61,012</u>	<u>52,432</u>	<u>8,580</u>
Civil Defense	5,050	5,050	5,037	13
Total Civil Defense	<u>5,050</u>	<u>5,050</u>	<u>5,037</u>	<u>13</u>
Sheriff Dispatch	141,900	141,900	132,290	9,610
Total Sheriff Dispatch	<u>141,900</u>	<u>141,900</u>	<u>132,290</u>	<u>9,610</u>
County Audit Budget Account	4,231	4,231	3,783	448
Total County Audit Budget Account	<u>4,231</u>	<u>4,231</u>	<u>3,783</u>	<u>448</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>
Total Expenditures, Budgetary Basis	<u>1,419,006</u>	<u>1,460,343</u>	<u>1,412,121</u>	<u>48,222</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	398,171	<u>\$ 398,171</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			97,214	
Add: Current Year Outstanding Warrants			70,635	
Ending Cash Balance			<u>\$ 566,020</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 FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 109,644	\$ 109,644	\$ 109,644	\$ -
Less: Prior Year Outstanding Warrants	(1,645)	(1,645)	(1,645)	
Less: Prior Year Encumbrances	(902)	(902)	(902)	
Beginning Cash Balances, Budgetary Basis	<u>107,097</u>	<u>107,097</u>	<u>107,097</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	73,974	73,974	81,027	7,053
Miscellaneous Revenues		38,539	47,725	9,186
Total Receipts, Budgetary Basis	<u>73,974</u>	<u>112,513</u>	<u>128,752</u>	<u>16,239</u>
Expenditures:				
Health and Welfare	117,071	106,289	76,855	29,434
Capital Outlay	64,000	113,321	92,425	20,896
Total Expenditures, Budgetary Basis	<u>181,071</u>	<u>219,610</u>	<u>169,280</u>	<u>50,330</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	66,569	<u>\$ 66,569</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			94,730	
Add: Current Year Outstanding Warrants			1,762	
Ending Cash Balance			<u>\$ 163,061</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, 2004**

Beginning Cash Balance	\$ 1,380
Receipts:	
Miscellaneous	
Total Receipts	-
Disbursements:	
Total Disbursements	-
Transfer to General Fund	1380
Ending Cash Balance	\$ -

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, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
District Court Clerk	\$ 140,518	\$ 587,925	\$ 672,217	\$ 232	\$ 56,458
District Court Fund	27,698	285,025	306,919	1,282	7,086
District Attorney	353				353
County Clerk		149,227	149,434	207	
County Sheriff	6,432	113,255	113,203	2,017	8,501
County Treasurer	6,175	99,061	99,760	191	5,667
County Election Board	753	18,622	14,910	718	5,183
County Assessor		1,053	1,053		
County Health Department		50,314	50,314		
Violence Against Women	83				83
District Attorney Property Seizure	7,539	15,591	11,259		11,871
District Attorney Restitution	3,821	19,328	18,700	5	4,454
Court Clerk Revolving Fund	5,777	6,416	3,058		9,135
Court Fund Encumbrance	2,000				2,000
Inmate Trust Fund	1,301	785	1,601	12	497
Total Official Depository Accounts	\$ 202,450	\$ 1,346,602	\$ 1,442,428	\$ 4,664	\$ 111,288

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

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

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, 2004**

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 Comparative Statements of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - for the General Fund and the County Health Department Fund present 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, 2004.

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 - Torts - Errors and Omissions - Law Enforcement Officers Liability - Vehicle Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	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 chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen 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 amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

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.

Summary of Significant Accounting Policies (continued)

H. Residual Equity Transfers

Nonrecurring or non-routine permanent transfers of equity are recorded as residual equity transfers. These transfers consist of \$1,380 transferred from the debt service fund to the County general fund.

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 \$2,622,977 and the bank balance was \$2,714,785. 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 and § 348.3 allow the following types of investments:

- 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
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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 Fees – accounts for the collection and disbursement 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 disbursement 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.

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

Community Service Sentencing Program Revolving (CSSP 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.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Detailed Notes on Funds and Account Balances (continued)

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

County Clerk RM&P Revolving – accounts for fees collected for instruments filed in 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.

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 matured portion of long-term bonded debt and civil judgment. 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.

2002 Protest Taxes – 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.

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.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Detailed Notes on Funds and Account Balances (continued)

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 withholding of employer and employee payroll taxes.

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

Civil Defense EMP Grant – accounts for federal funds passed through the Department of Civil Emergency Management to be used for the purchase of computer equipment and radios.

Mortgage Tax Refund – accounts for overpayments on mortgage tax reimbursed to taxpayers.

District Attorney's Council Grant – accounts for federal funds passed through the District Attorney's Council to be used for the purchase of two vehicles.

CDBG – accounts for federal funds to be used for the construction of a new county barn for District #3.

2003 Taxes – accounts for ad valorem collections held in protest.

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 disbursement 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.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

Detailed Notes on Funds and Account Balances (continued)

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.

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 disbursement 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, 2003, was approximately \$40,686,031.

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

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, 2004, were approximately 97.6 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.

HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

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.

INTERNAL CONTROL AND COMPLIANCE SECTION

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
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, 2004, and have issued our report thereon dated June 30, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. 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.

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 an opinion 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. Reportable conditions are described in the accompanying schedule of findings as items 2004-1, 2004-2, 2004-3, and 2004-4.

A material weakness is a reportable 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 caused by error or fraud 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 2004-1 to be a material weakness.

Compliance and Other Matters


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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standard*. However, we noted certain matters that we reported to management of Haskell County and are included in Section 2 of the schedule of findings, contained within this report.

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

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

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

Sincerely,


JEFF A. McMAHAN
State Auditor and Inspector

June 30, 2005

SECTION 1 - Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2004-1 - 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.

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. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

Finding 2004-2 – Written Policies and Procedures for the IT System (Repeat Finding)

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.

Views of responsible officials and planned corrective actions: We are currently working to implement written policies and procedures for our information systems.

Finding 2004-3 – Sheriff's Missing Citation Books

Criteria: Effective internal controls include traffic citations be issued in triplicate form and that a control log be kept of all traffic citation books issued to employees for the Sheriff's office. Also, tickets should be accounted for by properly voiding citations, remitting active citations to the Court Clerk's office, and maintaining all carbon copies of citations.

Condition: The audit copy of the Haskell County Sheriff issued citations could not be located, making it necessary to use the Court Clerk's Citation Log Book to test the Sheriff's citations for the fiscal year 2004. When using the Court Clerk's Citation Log Book and the Court Dockets to verify the numerical sequence for these citations, large gaps in the numbering were noted and these citations could not be traced through the system.

Recommendation: We recommend that the Haskell County Sheriff keep the audit copy of all citations written by deputies and reserve officers in order to have an audit trail of monies collected. We recommend that the County Sheriff maintain all county records in a manner that will assure the availability of the records necessary for accountability in the issuance of traffic citations.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. We have started the process of implementing procedures for the accountability of Sheriff's traffic citations.

Finding 2004-4 – Sheriff's Employees' Overtime Compensation

Criteria: An effective internal control system includes all employees of a governmental entity providing adequate documentation of time worked for a specific period and the documentation be reviewed and approved by the employee and a supervisor's signature.

Condition: A total of \$19,415.70 was paid to eleven law enforcement personnel (the District Attorney's investigator, the Sheriff's deputies, and reserve officers) for work performed in connection with a federal drug case for 'additional time worked'. There was no documentation to support actual hours worked for the calculation used to compensate the law enforcement personnel

Recommendation: We recommend law enforcement personnel be compensated for time worked in compliance with the Federal Fair Labor Standards Act and the Haskell County Employee Personnel Handbook, and, that all compensation be supported by complete and accurate time records that are signed by the employee and the supervisor.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings and we will seek legal advice of the District Attorney concerning this matter.

SECTION 2 - Other Findings - This section contains findings not required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters 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 2004-5 - General Fixed Assets Inventory (Repeat Finding)

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: All offices do 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.

Views of responsible officials and planned corrective actions: All officers will work together to compile a complete listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.

Finding 2004-6 – Sheriff’s Overtime Compensation (Repeat Finding)

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.

Views of responsible officials and planned corrective actions: We concur with the auditor’s findings and we will seek legal advice of the District Attorney concerning this matter.

Finding 2004-7 – Noncompliance to Policy Handbook

Criteria: Fair Labor Standards Act requires that when a formal policy handbook has been adopted by an entity that all employees be required to uniformly follow the adopted policy.

Condition: County Commissioners for Districts 1, 2, 3, and the Sheriff do not follow the County's Personnel Policy regarding incentive leave benefits.

Recommendation: We recommend all county employees follow Haskell County's Personnel Policy Handbook.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings and are implementing procedures to correct the problem.

Finding 2004-8 – Sheriff's Official Depository (Repeat Finding)

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. Carbon copies of some receipts were removed from receipt book.
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.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings and are implementing procedures to correct these problems.

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2004**

Finding 2004-9 – General Fixed Assets – Unable to Locate

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: We were unable to locate the following items during audit fieldwork:

<u>Office</u>	<u>Description</u>	<u>Serial#</u>
Sheriff	Lainer Copy Machine	RA513954
District 1	Motorola Radio	co1493
District 1	Motorola Radio	W6018
District 2	HP Deskjet Printer	none
District 2	Echo Chainsaw	622188
District 2	Red Chainsaw	none
District 2	Motorola Radio	AA556
District 2	Motorola Radio	N2022
District 2	Icom hand held radio	4150
District 2	Motorola Radio	4035
District 2	Orange echo chainsaw	none
District 2	Motorola Radio	8518
District 2	Motorola Radio	4038
District 2	Poulan 2150 chainsaw	0560
District 2	Poulan 2150 chainsaw	2930
District 3	Xerox Copier	000206882
District 3	Rich FT3213 Copier	N/A
District 3	Eagle Beaver Chainsaw	11-025512
District 3	HP Printer	none

Recommendation: We recommend that the location or the disposition of these items be investigated and that the inventory records be updated accordingly.

Views of responsible officials and planned corrective actions: We concur with the auditor’s findings and will work to locate the items noted and update the records accordingly.

STATISTICAL SECTION
(Unaudited)

**HASKELL COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Ozark Gas Transmission	\$ 2,872,277	7.06%
Cross Telephone Co	1,725,677	4.24%
PSO	1,195,908	2.94%
Southwestern Bell Telephone	1,050,642	2.58%
Centerpoint Energy	935,900	2.30%
Oneok Gas	660,170	1.62%
Enogex Inc	605,231	1.49%
Universal Compression Inc	531,680	1.31%
Tiger Asphalt Inc	501,840	1.23%
Hanover Compressor Co	431,075	1.06%
Total	<u>\$ 10,510,400</u>	<u>25.83%</u>

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

**HASKELL COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

Total net assessed value as of January 1, 2003		<u>\$ 40,686,031</u>
Debt limit - 5% of total assessed value		2,034,302
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 2,034,302</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, 2004
(UNAUDITED)**

	2004
Estimated population	11,792
Net assessed value as of January 1, 2003	\$ 40,686,031
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, 2004
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2003	\$10,853,560	\$8,711,131	\$24,371,425	\$3,250,085	\$40,686,031	\$359,823,186

