

**HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 7, 2006

TO THE CITIZENS OF
HASKELL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Haskell County, Oklahoma, for the fiscal year ended June 30, 2005. 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 serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

**HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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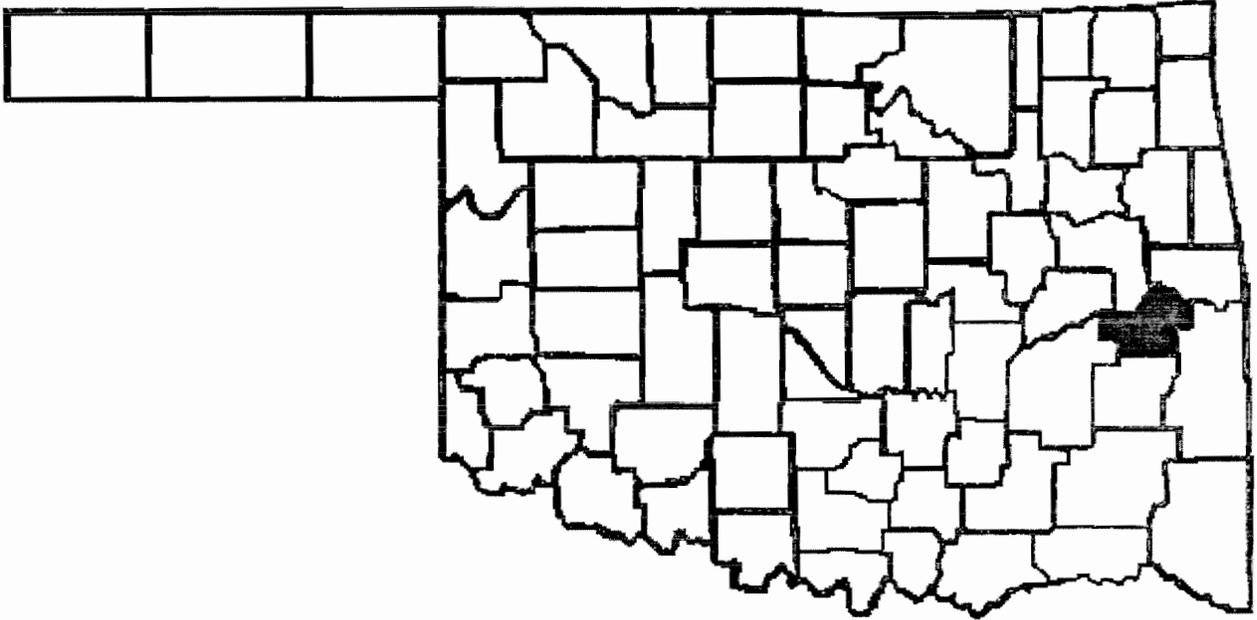
HASKELL COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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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 meatpacking, 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 – 625.27 Square Miles

County Population – 12,088
(2004 est.)

Farms – 901

Land in Farms – 274,562 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**HASKELL COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

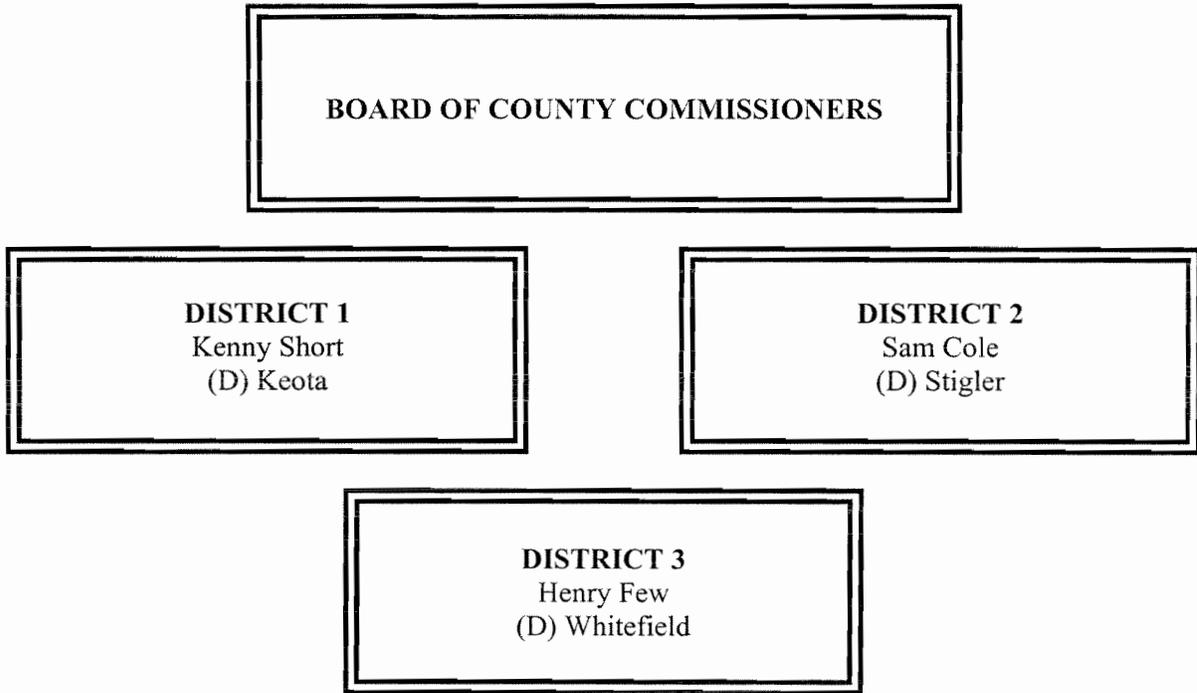
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**



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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

ELECTION BOARD SECRETARY

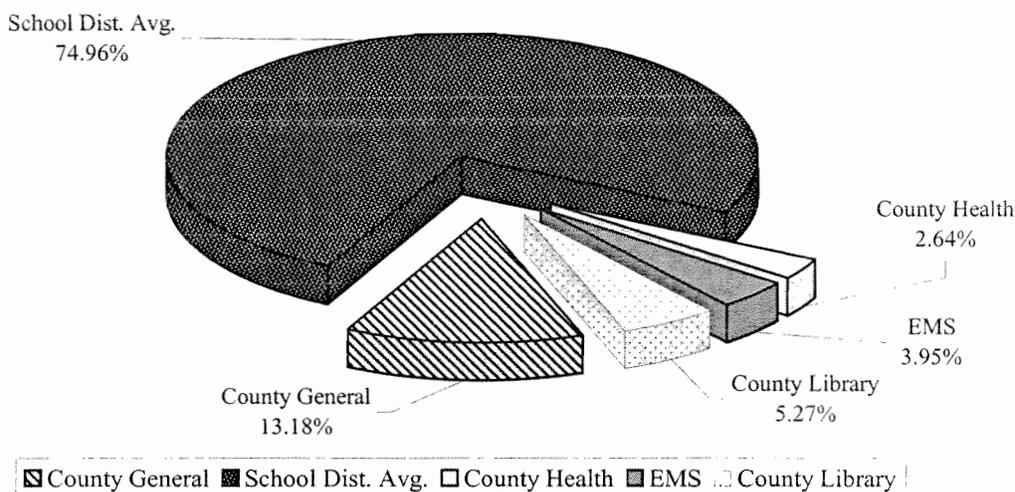
Marcia Goff
(D) Stigler

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.

**HASKELL COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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.	Career Tech Bldg	Career Tech	Common	Total
Co. General	10.00									
County Health	2.00	Stigler	I-20	35.00	5.00		10.00	2.00	4.00	56.00
EMS	3.00	Keota	I-43	35.00	5.00	5.39	10.00	2.00	4.00	61.39
County Library	4.00	Kinta	I-13	35.00	5.00		10.00	2.00	4.00	56.00
		McCurtain	I-37	35.00	5.00		10.00	2.00	4.00	56.00
		Whitefield	C-10	35.00	5.00		10.00	2.00	4.00	56.00
		Quinton	J-17	35.00	5.00		10.00	2.00	4.00	56.00

See independent auditor's report.

**HASKELL COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

Total net assessed value as of January 1, 2004		<u>\$ 42,258,894</u>
Debt limit - 5% of total assessed value		2,112,945
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 2,112,945</u>

See independent auditor's report.

**HASKELL COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

	2005
Estimated population	12,088
Net assessed value as of January 1, 2004	\$ 42,258,894
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	\$ -

See independent auditor's report.

**HASKELL COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2004	\$11,665,335	\$8,608,864	\$25,235,830	\$3,251,135	\$42,258,894	\$374,596,336

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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Haskell County, Oklahoma, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Haskell County's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

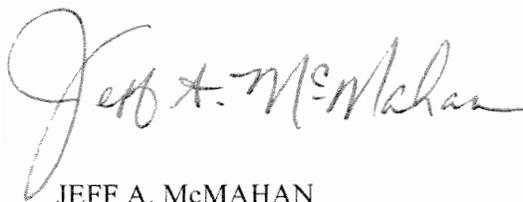
As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Haskell County as of June 30, 2005, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Haskell County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 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 conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

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

JEFF A. McMAHAN
State Auditor and Inspector

July 20, 2005

Basic Financial Statement

**HASKELL COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:				
County General Fund	\$ 566,020	\$ 1,539,138	\$ 1,381,793	\$ 723,365
T-Highway	1,384,043	2,923,325	3,285,742	1,021,626
Resale Property	47,553	30,553	34,958	43,148
County Health Department	163,061	186,442	249,724	99,779
Assessor Visual Inspection	20,386	291		20,677
County Clerk Lien Fee	35,341	19,000	30,159	24,182
Sheriff's Service Fees	15,856	69,606	57,566	27,896
Civil Defense	920	1,961	2,336	545
Mortgage Fees	15,098	2,893	1,120	16,871
Sheriff's Donations	670	7,350	4,145	3,875
COPS	282		28	254
Lake Patrol	6,980	15,490	20,145	2,325
C.S.S.P. Revolving	309			309
Drug Fund	1,021	6,070	5,590	1,501
County Assessor Fees	14,146	1,375		15,521
County Clerk RM&P Revolving	51,787	20,935	41,319	31,403
Sheriff's Bullet-Proof Vest	730	1,007		1,737
911 Fees	991		991	
EOP Grant	454		421	33
Civil Defense EMP Grant	97		97	
CDBG	1,480		1,480	
Hazard Mitigation		20,800	20,751	49
Sheriff's County Jail Fund		822	262	560
Combined Total—All County Funds	\$ 2,327,225	\$ 4,847,058	\$ 5,138,627	\$ 2,035,656

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

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Haskell County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds 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 County 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.

Following are descriptions of the funds included as supplementary information within the financial statement:

County 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.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statutes.

Sheriff's Donations – accounts 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.

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.

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

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.

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

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

Sheriff's County Jail Fund – accounts for social security benefits received on behalf of qualified inmates and disbursements as restricted by statute.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations.

C. Basis of Accounting

The basic financial statement is 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. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. 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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- 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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years between 1 and 20 years earn 2 weeks per year. Employees with service years exceeding 20 years earn 3 weeks per year. Vacation leave is accrued monthly and must be earned before it is taken. The balance of annual leave is not paid upon termination.

Sick leave benefits are accrued at the rate of 10 days per year and employees may accumulate up to 45 days. Sick leave is not paid upon termination.

2. 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."

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The assessed property value as of January 1, 2004, was approximately \$42,258,894.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.00 mills for county health department, 4.00 mills for the county library, and 3.00 mills for emergency medical service. In addition, the County 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, 2005, were approximately 98.09 percent of the tax levy.

3. 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.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • 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 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.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	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 \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible 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 workers' 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.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

5. Long-term Obligations

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 pieces of machinery subsequently acquired.

6. 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.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$179,505, \$136,556, and \$108,360, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**HASKELL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

8. 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 County expects such amounts, if any, to be immaterial.

The County 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 County.

OTHER SUPPLEMENTARY INFORMATION

HASKELL COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 564,740	\$ 564,740	\$ 566,020	\$ 1,280
Less: Prior Year Outstanding Warrants	(70,635)	(70,635)	(58,008)	12,627
Less: Prior Year Encumbrances	(97,214)	(97,214)	(97,094)	120
Beginning Cash Balances, Budgetary Basis	<u>396,891</u>	<u>396,891</u>	<u>410,918</u>	<u>14,027</u>
Receipts:				
Ad Valorem Taxes	384,172	384,172	415,441	31,269
Sales Tax	646,570	646,570	857,744	211,174
Charges for Services	67,886	67,886	64,494	(3,392)
Intergovernmental Revenues	108,935	108,935	171,049	62,114
Miscellaneous Revenues	7,500	15,866	30,410	14,544
Total Receipts, Budgetary Basis	<u>1,215,063</u>	<u>1,223,429</u>	<u>1,539,138</u>	<u>315,709</u>
Expenditures:				
District Attorney	188,740	198,957	198,082	875
Total District Attorney	<u>188,740</u>	<u>198,957</u>	<u>198,082</u>	<u>875</u>
County Treasurer	80,271	79,482	79,457	25
Capital Outlay	100	889	889	
Total County Treasurer	<u>80,371</u>	<u>80,371</u>	<u>80,346</u>	<u>25</u>
OSU Extension	33,872	32,333	32,258	75
Capital Outlay	1,246	2,785	2,685	100
Total OSU Extension	<u>35,118</u>	<u>35,118</u>	<u>34,943</u>	<u>175</u>
County Clerk	94,324	94,324	74,142	20,182
Capital Outlay	1,000	1,000	779	221
Total County Clerk	<u>95,324</u>	<u>95,324</u>	<u>74,921</u>	<u>20,403</u>
Court Clerk	62,423	62,423	60,288	2,135
Total Court Clerk	<u>62,423</u>	<u>62,423</u>	<u>60,288</u>	<u>2,135</u>
County Assessor	58,151	56,251	55,988	263
Capital Outlay	6,500	8,400	6,679	1,721
Total County Assessor	<u>64,651</u>	<u>64,651</u>	<u>62,667</u>	<u>1,984</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

HASKELL COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	120,501	119,645	118,109	1,536
Capital Outlay	3,000	3,319	2,878	441
Total Revaluation of Real Property	<u>123,501</u>	<u>122,964</u>	<u>120,987</u>	<u>1,977</u>
General Government	687,606	718,969	665,806	53,163
Total General Government	<u>687,606</u>	<u>718,969</u>	<u>665,806</u>	<u>53,163</u>
Excise-Equalization Board	10,400	10,400	7,836	2,564
Total Excise-Equalization Board	<u>10,400</u>	<u>10,400</u>	<u>7,836</u>	<u>2,564</u>
County Election Board	61,612	65,531	58,215	7,316
Capital Outlay	300	300		300
Total County Election Board	<u>61,912</u>	<u>65,831</u>	<u>58,215</u>	<u>7,616</u>
Civil Defense	10,312	10,312	8,777	1,535
Total Civil Defense	<u>10,312</u>	<u>10,312</u>	<u>8,777</u>	<u>1,535</u>
Sheriff Dispatch	151,922	150,326	148,058	2,268
Total Sheriff Dispatch	<u>151,922</u>	<u>150,326</u>	<u>148,058</u>	<u>2,268</u>
County Audit Budget Account	4,674	4,674	449	4,225
Total County Audit Budget Account	<u>4,674</u>	<u>4,674</u>	<u>449</u>	<u>4,225</u>
County Hospital Budget Account	35,000			
Total County Hospital Budget Account	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>1,611,954</u>	<u>1,620,320</u>	<u>1,521,375</u>	<u>98,945</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	428,681	<u>\$ 428,681</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			244,070	
Add: Current Year Outstanding Warrants			50,614	
Ending Cash Balance			<u>\$ 723,365</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**HASKELL COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 163,061	\$ 163,061	\$ 163,061	\$ -
Less: Prior Year Outstanding Warrants	(1,762)	(1,762)	(1,762)	
Less: Prior Year Encumbrances	(94,730)	(94,730)	(94,450)	280
Beginning Cash Balances, Budgetary Basis	<u>66,569</u>	<u>66,569</u>	<u>66,849</u>	<u>280</u>
Receipts:				
Ad Valorem Taxes	76,834	76,834	83,090	6,256
Miscellaneous Revenues		100,548	103,352	2,804
Total Receipts, Budgetary Basis	<u>76,834</u>	<u>177,382</u>	<u>186,442</u>	<u>9,060</u>
Expenditures:				
Health and Welfare	126,000	236,548	168,362	68,186
Capital Outlay	17,403	7,403	2,244	5,159
Total Expenditures, Budgetary Basis	<u>143,403</u>	<u>243,951</u>	<u>170,606</u>	<u>73,345</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	82,685	<u>\$ 82,685</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			10,707	
Add: Current Year Outstanding Warrants			6,387	
Ending Cash Balance			<u>\$ 99,779</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**HASKELL COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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 these funds. At the end of the year, unencumbered appropriations lapse.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Haskell County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Haskell County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 20, 2006. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report 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

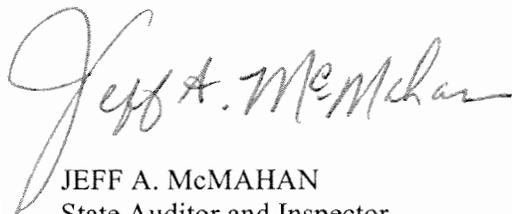
In planning and performing our audit, we considered Haskell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. 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 Haskell County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2005-1, 2005-2, and 2005-3.

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 statement 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 2005-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haskell County's financial statement is 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 Standards*. However, we noted certain matters that we reported to the management of Haskell County, which are included in Section 2 of the schedule of findings and responses contained in this report.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

JEFF A. McMAHAN
State Auditor and Inspector

July 20, 2006

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED 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 2005-1—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 State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

Finding 2005-2—Altered Warrants

Criteria: Effective internal controls include the recording of financial transactions in a manner that will allow a transaction to be traced through the entire bookkeeping system in a simple and understandable manner and that records be maintained in a manner that will allow an audit trail.

Condition: The County Clerk uses white out and a typewriter to alter dollar amounts on computer generated warrants. The changes are not reflected on the warrant register and appropriation ledger causing unexplained variances when attempting to reconcile the disbursements to the warrant register.

Recommendation: We recommend the County Clerk refrain from altering computer generated warrants.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are implementing procedures to correct this issue.

Finding 2005-3 – Sheriff's Missing Citation Books (Repeat Finding)

Criteria: Effective internal controls include the issuance of traffic citations 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.

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 2005. 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's office submit one copy of traffic citations to the Court Clerk, that all carbon copies of the tickets be maintained by the Sheriff's office for accountability purposes, and that citations be properly voided with the originals attached to carbon copies in the book.

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

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2005-4—Fixed Assets Inventory (Repeat Finding)

Criteria: Title 19 O.S. § 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.

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Finding 2005-5—Transfer of Cash Funds

Criteria: Title 62 O.S. § 462 states, “It is specifically provided that the Oklahoma system of checks and balances upon the receiving and disbursing public monies shall not be disturbed. It is further provided that this act shall not be construed as authorizing the transfer of appropriation balances or money from one fund to another, but is intended only to authorize the transfer of appropriation balances, without formality, within the same fund, neither increasing nor diminishing the net total of appropriations.”

Condition: The County Sheriff transferred funds from the Sheriff’s Drug Fund to the County general fund by issuing a cash voucher to the general fund. The Sheriff did not make a written request for transfer of appropriation balance or any portion thereof to the governing body that documented the immediately urgent nature for the funds.

Recommendation: We recommend that cash vouchers only be used for authorized expenditures of cash funds, and that written request for transfers be used that set forth such additional or supplemental needs and the occasion for such needs, together with detail of account items and the amount of each item proposed to be canceled, and the written consent of the department head or officer in charge of the account from which the appropriation or any portion thereof is to be canceled.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We corrected this issue after being informed that this was a violation of state statutes.

Finding 2005-6 – Sheriff’s Official Depository (Repeat Finding)

Criteria: Title 19 O.S. § 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. Not all receipts are being signed.
8. Receipts are not always issued to the person rendering payment.

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Recommendation: We recommend that duplicate, pre-numbered receipts be issued for all monies received in the Sheriff's office. Receipts should be issued only once, in sequential order, made out to the person rendering payment, and should indicate mode of payment received. The carbon copies of the receipts should be maintained in a manner that will provide an adequate audit trail. Also, collections should be deposited daily.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings and are implementing procedures to correct this issue.

Finding 2005-7 - Consumable Inventory Records

Criteria: Title 19 O.S. § 1502.B. states in part, "The board of county commissioners shall:

1. Prescribe a uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance of roads and bridges; and
2. Create and administer an inventory system for all:
 - a. equipment of a county having an original cost of Two Hundred Fifty Dollars (\$250.00) or more and not used in the construction and maintenance of roads and bridges, and
 - b. supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges.

The board of county commissioners may designate an employee of that office to administer such inventory system."

Condition: Discrepancies were noted when comparing District Barn consumable records to the physical counts. Also, District 1 and 2 are not maintaining a fuel log that is periodically reconciled to a physical measurement.

District	Item	Variance Long (Short)
2	12 x 30 tinhorn	(2)
2	15 x 30 tinhorn	(1)
2	24 x 30 tinhorn	(4)
2	"Dead End" signs	(1)
2	"Stop" signs	(2)
2	Road markers	(8)
2	Object marker	(12)
3	Diesel	(137 gallons)
3	Gasoline	(19 gallons)

Recommendation: We recommend that the County Commissioners investigate the discrepancies between the consumable records and the physical inventory of consumable items and make appropriate adjustments. We also recommend that a physical inventory of consumable inventory items be periodically conducted to ensure the necessary accountability of inventories.

**HASKELL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will implement procedures to timely detect and prevent misstatements on the consumable records.

Finding 2005-8 – Incorrect Amounts Reflected on the Estimate of Needs

Criteria: Title 68 O.S. § 3002.A. states, "Each board of county commissioners...shall make a written itemized statement of estimated needs and probable income from all sources including ad valorem tax for the current fiscal year. Such financial statement shall be supported by schedules or exhibits showing, by classes, the amount of all receipts and disbursements, and shall be sworn to as being true and correct."

Condition: The following discrepancies were noted on the Estimate of Needs for the General Fund:

- The ending cash balance at June 30, 2004 on the 2004-2005 Estimate of Needs and Financial Statement of the Fiscal Year 2003-2004 was \$468.82 less than the beginning balance on the 2005-2006 Estimate of Needs and Financial Statement of the Fiscal Year 2004-0005.
- The Warrants Outstanding at June 30, 2004 on the 2004-2005 Estimate of Needs and Financial Statement of the Fiscal Year 2003-2004 was \$12,626.39 less than the Warrants Outstanding at June 30, 2004 on the 2005-2006 Estimate of Needs and Financial Statement of the Fiscal Year 2004-2005.
- The apportionments, expenditures, and disbursements reflected on the budget did not agree to the related county ledger balances.
- The budget reflected \$10,487.49 in 'Non Revenue Receipts-Contributions from Other Funds' that could not be identified.

Recommendation: We recommend the Board of County Commissioners thoroughly review the County Estimate of Needs and Financial Statement prior to approval.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will implement procedures to timely detect and prevent misstatements on the Estimate of Needs.