

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

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$88.20. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

March 30, 2005

TO THE CITIZENS OF  
JACKSON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Jackson 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,

A handwritten signature in black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

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

---

**TABLE OF CONTENTS**

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Jackson County .....	iii
County Officials and Responsibilities .....	iv
Ad Valorem Tax Distribution.....	ix

FINANCIAL SECTION

Report of State Auditor and Inspector .....	1
Special-Purpose Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds .....	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - County Health Department Fund .....	6
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts.....	7
Notes to the Financial Statements .....	8

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 <i>Government Auditing Standards</i> .....	20
Schedule of Findings .....	22

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

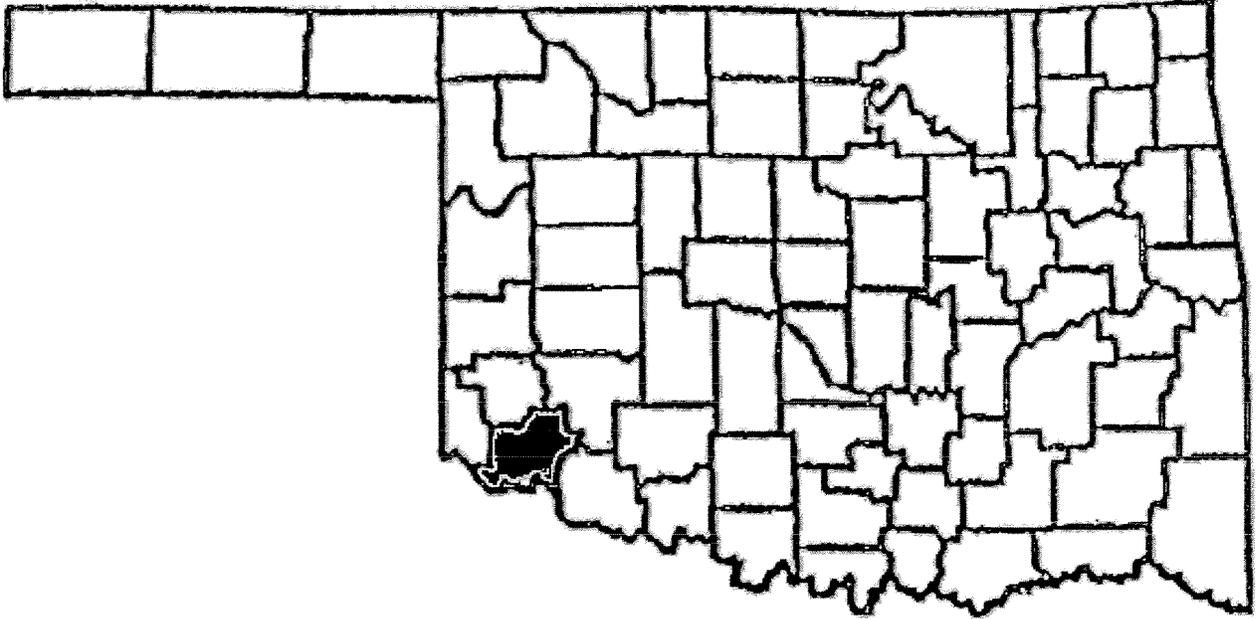
---

STATISTICAL SECTION (Unaudited)

Top Ten Taxpayers.....	23
Computation of Legal Debt Margin .....	24
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	25
Assessed Value of Property .....	26

REPORT TO THE CITIZENS  
OF  
JACKSON COUNTY, OKLAHOMA

---



Altus Air Force Base is the largest industry in the County. Higher education is provided by Western Oklahoma State College, a two-year accredited institution. The Shortgrass Arts and Humanities Council sponsors numerous cultural activities including an annual arts festival in the fall. Recreational opportunities are available 15 miles north of Altus at Quartz Mountain State Park, which includes Lake Altus.

County Seat – Altus

Area – 802.8 Square Miles

County Population – 28,439  
(2000 est.)

Farms - 723

Land in Farms – 476,628 acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**JACKSON COUNTY OFFICIALS  
AND RESPONSIBILITIES**

---

**COUNTY ASSESSOR**

J.C. Brooks  
(D) Blair

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**

Louise Snodgrass  
(D) Altus

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.

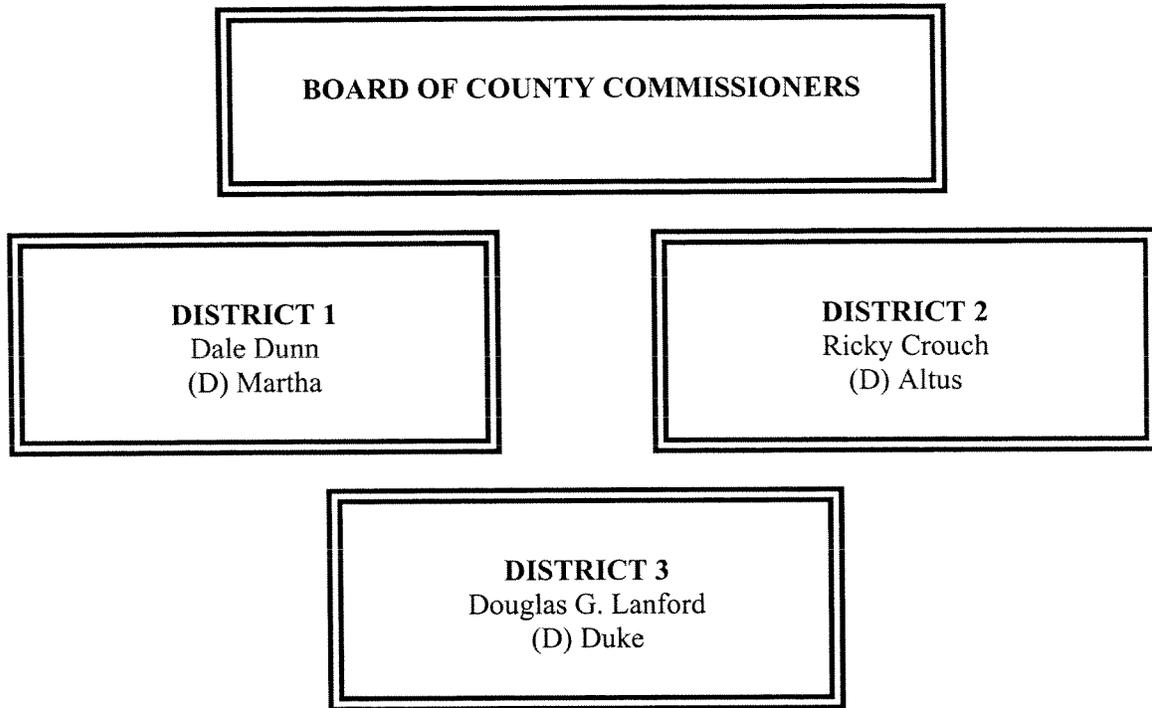
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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.

**JACKSON 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.

**JACKSON COUNTY OFFICIALS  
AND RESPONSIBILITIES**

---

**COUNTY SHERIFF**  
Morris Roberts  
(D) Headrick

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**  
Janet Wright  
(D) Altus

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.

**JACKSON COUNTY OFFICIALS  
AND RESPONSIBILITIES**

---

**COURT CLERK**

Sonya Tutten  
(D) Blair

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**

John Wampler  
(D) Duke

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.

**JACKSON COUNTY OFFICIALS  
AND RESPONSIBILITIES**

---

**ELECTION BOARD SECRETARY**

Mary Mitchell  
(D) Altus

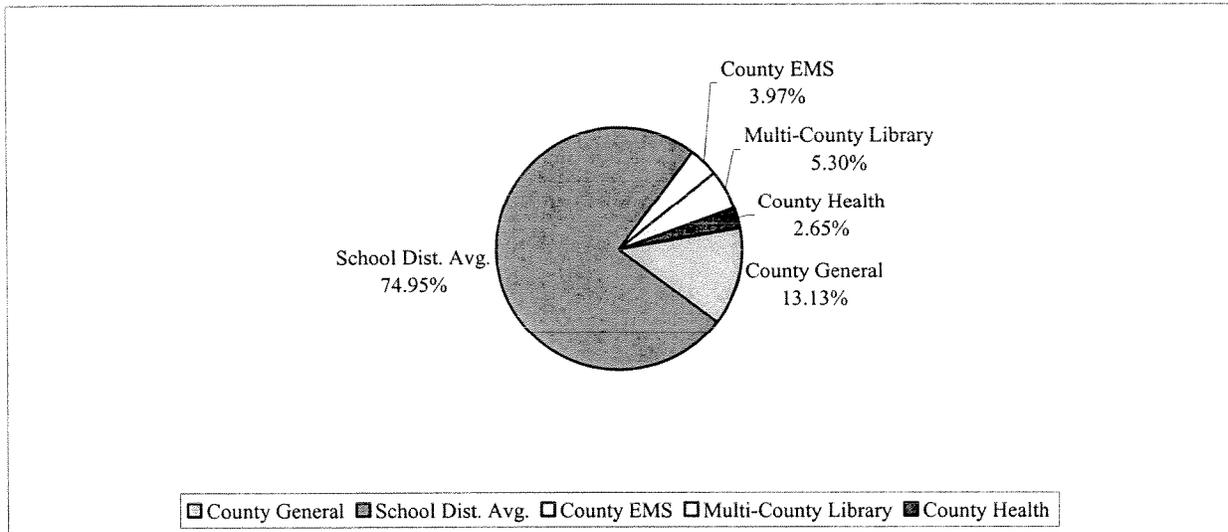
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**JACKSON 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							
Co. General				Gen.	Bldg.	Skg.	Tech Center	Common	Total
County Health	2.03	Altus	18	35.00	5.00		10.00	4.00	54.00
County EMS	3.05	Navajo	1	35.00	5.00	5.33	10.00	4.00	59.33
Multi-County Library	4.07	Duke	14	35.00	5.00	5.62	10.00	4.00	59.62
		Greer County	JT-1	35.00	5.00	12.23		4.00	56.23
		Eldorado	25	35.00	5.00		10.00	4.00	54.00
		Olustee	35	35.00	5.00		10.00	4.00	54.00
		Blair	54	35.00	5.00	11.42	10.00	4.00	65.42

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  
JACKSON COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Jackson 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 Jackson 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 Jackson County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general and county health department funds 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 Jackson 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 Jackson County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 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 March 14, 2005, on our consideration of Jackson 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.

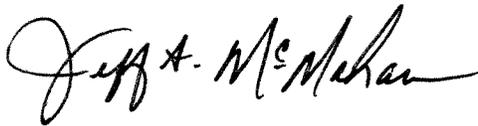
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Jackson County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, 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,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

March 14, 2005

**Special-Purpose Financial Statements**

**JACKSON 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	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
County General Fund	\$ 300,061	\$ 1,380,845	\$ 1,375,194	\$	\$ 305,712
Cash Highway Fund	988,561	2,554,756	2,633,499		909,818
Federal Emergency Management Assistance	120,668	6,386	127,054		
County Health Department	182,657	217,082	234,684		165,055
Resale Property	162,218	86,165	109,827		138,556
Treasurer's Mortgage Tax Certification Fee	24,726	8,326	7,901		25,151
County Clerk Lien Fee	8,380	5,257	125		13,512
County Clerk Records Preservation	38,027	31,945	27,087		42,885
Assessor's Revolving	7,434	4,354	1,655		10,133
Assessor Visual Inspection	3,901				3,901
Sheriff Service Fee	231,252	155,339	177,318		209,273
Sheriff Contract Prisoners	152,258	317,375	298,554		171,079
Sheriff Commissary		58,209	19,230		38,979
Sheriff Local Law Enforcement Block Grant	11,651	7,096	15,836		2,911
Jackson County Reward Fund	1,361				1,361
Tax Incentive Financial Split		35,709	35,709		
Juvenile Detention	495				495
District Attorney Revolving	1,000		1,000		
County Insurance		1,400	1,400		
REAP		5,000	5,000		
First National Bank Electronic Transfers	23,516		23,516		
Emergency Management Performance Grant		5,020	5,020		
Residential Substance Abuse Treatment		9,915	2,775		7,140
FEMA Saferoom	2,253	1,747			4,000
Altus City Utility Zoning (ACUZ)	100				100
Christmas Light Fund	75				75
Schools	56,797	5,830,609	5,675,656		211,750
Cities and Towns	90,369	384,993	388,318		87,044
Law Library	5,174	24,633	25,367		4,440
County Library	2,136	409,316	406,082		5,370
Emergency Medical Service	1,601	306,762	304,340		4,023
Individual Redemption	20	575	585		10
Refunds		10,765	10,765		
Unapportioned Tax		17,643	17,643		
Volunteer Fire Department	3	15	12		6
Sewer	4,344	65			4,409
Officers Change Fund	375				375
National Bank of Commerce GO Tax Bond	29,763	37,498	30,900		36,361
First State Bank GO Tax Bond	24,881	28,192	27,500		25,573
Protest Tax	155,304	141,760	229,673		67,391
Jail Sales Tax		1,174,237	1,174,237		
Jail Sales Tax Revolving		281,427	281,330		97
Official Depository	880,004	4,708,522	4,731,252	42,835	900,109
<b>Total County Funds</b>	<b>\$ 3,511,365</b>	<b>\$ 18,248,938</b>	<b>\$ 18,406,044</b>	<b>\$ 42,835</b>	<b>\$ 3,397,094</b>

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

**JACKSON 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	\$ 300,061	\$ 300,061	\$ 300,061	\$ -
Less: Prior Year Outstanding Warrants	(121,967)	(121,967)	(121,967)	
Less: Prior Year Encumbrances	(6,333)	(6,333)	(5,445)	888
Beginning Cash Balances, Budgetary Basis	<u>171,761</u>	<u>171,761</u>	<u>172,649</u>	<u>888</u>
<b>Receipts:</b>				
Ad Valorem Taxes	942,478	942,478	1,000,664	58,186
Charges for Services	87,840	87,840	104,958	17,118
Intergovernmental Revenues	189,774	228,436	224,752	(3,684)
Miscellaneous Revenues	36,610	36,610	50,471	13,861
Total Receipts, Budgetary Basis	<u>1,256,702</u>	<u>1,295,364</u>	<u>1,380,845</u>	<u>85,481</u>
<b>Expenditures:</b>				
District Attorney	1,000	1,000	1,000	
Capital Outlay				
Total District Attorney	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
County Sheriff	377,468	377,600	377,134	466
Capital Outlay				
Total County Sheriff	<u>377,468</u>	<u>377,600</u>	<u>377,134</u>	<u>466</u>
County Treasurer	61,175	61,175	60,773	402
Capital Outlay	1	1		1
Total County Treasurer	<u>61,176</u>	<u>61,176</u>	<u>60,773</u>	<u>403</u>
County Commissioners	20,626	20,626	15,320	5,306
Capital Outlay	1	1		1
Total County Commissioners	<u>20,627</u>	<u>20,627</u>	<u>15,320</u>	<u>5,307</u>
OSU Extension	14,299	14,299	14,217	82
Capital Outlay	1	1		1
Total OSU Extension	<u>14,300</u>	<u>14,300</u>	<u>14,217</u>	<u>83</u>
County Clerk	121,862	121,862	119,257	2,605
Capital Outlay	1	1		
Total County Clerk	<u>121,863</u>	<u>121,863</u>	<u>119,257</u>	<u>2,606</u>
Court Clerk	72,504	72,504	72,438	66
Capital Outlay	1	1		1
Total Court Clerk	<u>72,505</u>	<u>72,505</u>	<u>72,438</u>	<u>67</u>
County Assessor	57,126	57,126	57,092	34
Capital Outlay	1	1		1
Total County Assessor	<u>57,127</u>	<u>57,127</u>	<u>57,092</u>	<u>35</u>
Revaluation of Real Property	110,464	111,464	109,127	2,337
Capital Outlay	8,500	7,500	4,011	3,489
Total Revaluation of Real Property	<u>118,964</u>	<u>118,964</u>	<u>113,138</u>	<u>5,826</u>
General Government	435,138	453,952	362,851	91,101
Capital Outlay	1	1		1
Total General Government	<u>435,139</u>	<u>453,953</u>	<u>362,851</u>	<u>91,102</u>
Excise Equalization Board	3,200	3,200	2,614	586
Capital Outlay				
Total Excise Equalization Board	<u>3,200</u>	<u>3,200</u>	<u>2,614</u>	<u>586</u>

continued on next page

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

**JACKSON 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
County Election Board	45,483	45,647	39,289	6,358
Capital Outlay	150	150	125	25
Total Election Board	<u>45,633</u>	<u>45,797</u>	<u>39,414</u>	<u>6,383</u>
Insurance	75,000	75,013	72,840	2,173
Capital Outlay				
Total Insurance	<u>75,000</u>	<u>75,013</u>	<u>72,840</u>	<u>2,173</u>
Charity	100	100		100
Capital Outlay				
Total Charity	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Safety	7,166	26,705	12,759	13,946
Capital Outlay	1	1		1
Total Safety	<u>7,167</u>	<u>26,706</u>	<u>12,759</u>	<u>13,947</u>
County Audit Budget	10,194	10,194	10,194	
Capital Outlay				
Total County Audit Budget	<u>10,194</u>	<u>10,194</u>	<u>10,194</u>	<u>-</u>
Free Fair Budget	4,500	4,500	4,500	
Capital Outlay				
Total Free Fair Budget	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Provision for Interest on Warrants	2,500	2,500	1,262	1,238
Total Expenditures, Budgetary Basis	<u>1,428,463</u>	<u>1,467,125</u>	<u>1,336,803</u>	<u>130,322</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	216,691	<u>\$ 216,691</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			2,433	
Add: Current Year Outstanding Warrants			86,571	
Add: Estopped Warrants			17	
Ending Cash Balance			<u>\$ 305,712</u>	

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

**JACKSON 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			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 182,657	\$ 182,657	\$ 182,657	\$ -
Less: Prior Year Outstanding Warrants	(26,413)	(26,413)	(26,413)	
Less: Prior Year Encumbrances	(50,430)	(50,430)	(48,232)	2,198
Beginning Cash Balances, Budgetary Basis	<u>105,814</u>	<u>105,814</u>	<u>108,012</u>	<u>2,198</u>
Receipts:				
Ad Valorem Taxes	188,124	188,124	201,837	13,713
Charges for Services			13,017	13,017
Intergovernmental Revenue		15,479	427	(15,052)
Miscellaneous Revenues			1,801	1,801
Total Receipts, Budgetary Basis	<u>188,124</u>	<u>203,603</u>	<u>217,082</u>	<u>13,479</u>
Expenditures:				
Health and Welfare	270,000	285,479	164,156	121,323
Capital Outlay	23,938	23,938	3,562	23,938
Total Expenditures Budgetary Basis	<u>293,938</u>	<u>309,417</u>	<u>167,718</u>	<u>141,699</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	157,376	<u>\$ 157,376</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			1,920	
Add: Current Year Outstanding Warrants			5,759	
Ending Cash Balance			<u>\$ 165,055</u>	

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

**JACKSON 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	\$ 175,231	\$ 1,886,924	\$ 1,717,378	\$ 949	\$ 345,726
District Court Fund	113,572	702,310	669,338	318	146,862
Court Clerk Revolving	61,197	34,459	7,112		88,544
County Treasurer	26,528	95,714	101,238	283	21,287
County Assessor Revolving		2,955	2,955		
County Clerk		200,601	191,632	35	9,004
County Sheriff		409,943	412,443	2,500	
Reward Fund	500		500		
County Health Department		22,758	22,758		
County Election Board	170	18,975	14,566	409	4,988
District Attorney Child Support	544	500	1,044		
District Attorney Bogus Check	19,709	538,983	545,394	11,337	24,635
District Attorney Drug Enforcement	138,153	73,201	45,950		165,404
District Attorney Community Service	62,632	22,190	44,048		40,774
District Attorney Fund	249,775	286,623	498,806	967	38,559
District Attorney State Witness Fund	581	17,211	17,790	93	95
District Attorney Task Force	15,222	169,899	180,322	149	4,948
District Attorney Victim Assistance		45,785	45,785		
District Attorney Incarceration Cost	4,958	2,505	7,247		216
District Attorney Restitution	10,219	176,003	204,946	25,795	7,071
District Attorney Record Fees	1,013	983			1,996
<b>Total Official Depository Accounts</b>	<b>\$ 880,004</b>	<b>\$ 4,708,522</b>	<b>\$ 4,731,252</b>	<b>\$ 42,835</b>	<b>\$ 900,109</b>

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

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 Jackson 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 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. Funds presented are established by statute, and their operations are under the control of the County officials.

B. Fund Accounting

A government entity 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 required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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

Summary of Significant Accounting Policies (continued)

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

The Comparative Statements of Receipts, Expenditures, and Changes in Fund 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 Fund 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 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	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.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		

**JACKSON 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>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County has contracted with Employees Mutual Casualty Company to provide insurance coverage.	If claims exceed authorized deductibles, the County would have to pay the balance of the claim.
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 \$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.

The County has established a contract with Employees Mutual Casualty Company to provide insurance coverage for general liability and physical plant liability insurance for 2003-2004. The County has specific authorized deductibles for each category of risk. The County has never had to be assessed additional premiums to pay claims in excess of those authorized by the policy.

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.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All full-time employees are entitled to annual leave after 6 months of service that is accrued on a monthly basis. Employees' accumulation rates depend on years of service. Employees with 6 months of service to 10 years of service may accumulate no more than 120 hours of vacation time. Employees with over 11 years of service may accumulate no more than 160 of vacation time.

All full-time employees accumulate 6.67 hours of sick leave per month. Sick leave can be accrued up to a maximum of 120 days or 960 hours.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$3,397,094 and the bank balance was \$3,396,719. 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

Summary of Significant Accounting Policies (continued)

- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

B. Description of Funds

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

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

Federal Emergency Management Assistance (FEMA) – accounts for federal disaster monies received and disbursements are for the reimbursement for repairs and clean-up of disaster areas.

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

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

Treasurer's Mortgage Tax Certification Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

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

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

Assessor's Revolving - accounts for the collection of fees for copies restricted by state statute.

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

Sheriff Service Fee - accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

Sheriff Contract Prisoners – accounts for state receipts and disbursements for the purpose of maintaining the Department of Corrections' inmates.

Sheriff Commissary – accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods from the vendor and can be used for maintenance and operation of the jail.

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

---

Detailed Notes on Funds and Account Balances (continued)

Sheriff Local Law Enforcement Block Grant – accounts for all grants for the purpose of purchasing equipment.

Jackson County Reward Fund – accounts for collections of a fee from district court for the reporting of dumping trash. Disbursements account for rewards paid to citizens reporting to the local policing departments.

Tax Incentive Financial Split – accounts for the collection of an ad valorem tax collected for a period of 10 years and disbursed to the City of Altus for industrial development.

Juvenile Detention – accounts for the collections from the State of Oklahoma and other Oklahoma Counties for the housing of juvenile offenders and disbursements are for the transportation of juveniles to contracted juvenile detention centers.

District Attorney Revolving – accounts for collections of state miscellaneous receipts and disbursements as restricted by statute.

County Insurance – accounts for the collection of insurance payments received from the destruction of County owned equipment.

REAP – accounts for the collection of state grant monies for the purpose of designing a fixed asset program for Jackson County.

First National Bank Electronic Transfers - accounts for the collection of employee deductions and disbursements of employee deductions are electronically transferred to the proper department.

Emergency Management Performance Grant - accounts for state grant monies received from the Oklahoma Department of Civil Emergency Management for disbursements of upgrading the emergency operations center.

Residential Substance Abuse Treatment – accounts for state grant monies received from the District Attorney’s Council for the purpose of the County Sheriff establishing a place and equipment for designated group counseling services.

Federal Emergency Management Assistance Saferoom – accounts for receipts from the Federal Emergency Management Assistance Program for the purpose of encouraging county citizens to build saferooms. Disbursements account for a percentage reimbursement to those citizens who built saferooms.

Detailed Notes on Funds and Account Balances (continued)

Altus City Utility Zoning (ACUZ) – accounts for the collection of permits for building in a specified area around the Altus Air Force Base.

Christmas Light Fund – accounts for the collection of donations to buy Christmas lights for the Courthouse square.

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

Cities and Towns – accounts for OTC collections distributed to the cities and towns of Jackson County.

Law Library – accounts for monies received for disbursement from the state for the Law Library Board.

County Library – accounts for the collection of donations, fundraisers, and memorials. Also, appropriations come from the County along with grant money received from the state. Disbursements are made for salary and maintenance and operations of the library.

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

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

Refunds – accounts for overcollections of ad valorem taxes and disbursements account for refunds to the taxpayers of Jackson County.

Unapportioned Tax – accounts for taxes collected and being held for apportionment to various government entities.

Volunteer Fire Department – accounts for collections from emergency medical service personalized tags issued in Jackson County and disbursements account for monies divided between volunteer fire departments.

Sewer – accounts for the collection of interest on investments for the maintenance of the sewer system.

Officers Change Fund – accounts for change funds maintained by the County Treasurer.

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

---

Detailed Notes on Funds and Account Balances (continued)

National Bank of Commerce General Obligation Tax Bond – Jackson County Finance Authority issued bonds for the development of industry. Jackson County is the pass through entity in which the County Treasurer receives the bond payment from the vendor and then issued the payment to the bondholder.

First State Bank General Obligation Tax Bond – Jackson County Finance Authority issued bonds for the development of industry. Jackson County is the pass through entity in which the County Treasurer receives the bond payment from the vendor and then issued the payment to the bondholder.

Protest Tax – accounts for collections of ad valorem taxes which have been protested.

Jail Sales Tax – accounts for the collections of sales tax proceeds for the payment of bond issues related to the building of the county jail. After receipt of the sales tax by Jackson County, the sales tax proceeds are transferred to the bondholder where the indebtedness is held for the Jackson County Facilities Authority.

Jail Sales Tax Revolving - accounts for the collection of reserve sales tax monies received from the bondholder in excess of bond issue payments. Disbursements are for the general operations of the county jail and sheriff's office.

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

The following narrative details the official depository accounts.

District Court Clerk – accounts for the collection of fees, fines, and forfeitures and disbursed in accordance with state statutes and court orders.

District Court Fund – accounts for fees transferred from Court Clerk account in accordance with state statutes. Disbursements are made in accordance with state statutes to defray the expense of the court.

Court Clerk Revolving – accounts for the collection of service fees for each warrant. Disbursement are made in accordance with state statutes to defray the expense of the court.

County Treasurer – accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile homes, and the sale of motor vehicle stamps. Disbursements are for the purpose of refunds and vehicle collections vouchers to OTC, schools, and the County Treasurer Mortgage Certification Fee Account.

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

---

Detailed Notes on Funds and Account Balances (continued)

Assessor Revolving – accounts for the collection of copy fees and disbursed to the County Assessor Revolving Fund Account.

County Clerk – accounts for the collection of filing fees and disbursed to OTC and the County Clerk Lien Fee Account.

County Sheriff – accounts for the collection of fees, bonds, and copies. Disbursements are made to transfer funds collected to the County Treasurer for apportionment to the Sheriff Service Fee Account, or the Sheriff Board of Prisoner Account. Disbursements are also made to the Court Clerk for the transfer of bond money to cases filed.

Reward Fund – accounts for money received from the state and disbursed to citizens reporting crime in the County.

County Health Department – accounts for the collection of charges for services performed by the health department. Disbursements are made to the Health Department Fund for budgeting purposes.

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

District Attorney Child Support – accounts for money received from the state. Disbursements are made for maintenance and operation expenses.

District Attorney Bogus Check – accounts for the collection of bogus checks and District Attorney fees to be disbursed to the merchants and District Attorney fee account.

District Attorney Drug Enforcement – accounts for the collection of money on drug forfeitures. Disbursements are made to defray the cost of drug enforcement in the County.

District Attorney Community Service – accounts for money received from the state. Disbursements are made to defray the expense of the community service program.

District Attorney Fund – accounts for the collection of fees received from bogus checks. Disbursements are made to defray the cost of the bogus check restitution program.

District Attorney State Witness Fee – accounts for collections received from the state to reimburse for witness expense.

District Attorney Task Force – accounts for grant money received from the state. Disbursements are made for payroll, travel, supplies and equipment for the task force.

Detailed Notes on Funds and Account Balances (continued)

District Attorney Victim Assistance – accounts for grant money received from the state. Disbursements are made for payroll for the victim witness assistant.

District Attorney Incarceration Cost – accounts for the collections of fees collected by the Court Clerk. Disbursements are made to defray the cost of incarcerating prisoners.

District Attorney Restitution – accounts for restitution and fees received. Disbursements are made to reimburse merchants for bogus checks and fees.

District Attorney Record Fees – accounts for the collection of fees for copies and disbursed for supplies.

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 \$101,939,554.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.17 mills (the legal maximum) for general fund operations, 2.03 mills for the county health department 4.07 mills for the multi-county library, and 3.05 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 95.6 percent of the tax levy.

Detailed Notes on Funds and Account Balances (continued)

D. Pension Plan

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

E. Capital Leases

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

F. Fuel Tax

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

4. Contingent Liabilities

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

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

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

---

5.     Sales Tax

A special election was held on November 9, 1999. The citizens of Jackson County approved a ½% sales tax to be collected beginning April 1, 2002, with 50% of the tax to end on March 31, 2007, and 50% of the tax to be of unlimited duration. The ½% sales tax is to be used to construct and equip a new county jail facility, including the payment of debt service on indebtedness incurred for such purpose by Jackson County. The remaining sales tax proceeds will be used to operate and maintain the jail, with the surplus, if any, of such tax being used for the general purposes of Jackson County. Jackson County received \$1,174,237 in sales tax for the year ending June 30, 2004, which was transferred to the Jackson County Facilities Authority.

**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  
JACKSON COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Jackson County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated March 14, 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 Jackson 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

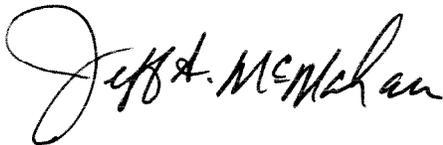
As part of obtaining reasonable assurance about whether Jackson County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 Standards*. However, we noted certain matters that we reported to management of Jackson County and are included in 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,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN  
State Auditor and Inspector

March 14, 2005

**This schedule 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 2004-1 - Cash Compositions**

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...all monies...received or collected by virtue or under color of office..."

Oklahoma Statutes 28 O.S. 2001 §9 states, "... every officer charging a fee shall give a receipt..."

Condition: The following exceptions were noted in our test of Sheriff's depository accounts:

1. Of the eight days tested, six exceptions were noted in which money was received two to four days before being deposited.
2. In addition, receipt number 2839 and 2897 were not dated.
3. Of the eight days tested, three exceptions were noted in which the total of the deposit was long as to the total of the receipts. One exception was noted in which the total of the deposit was short as to the total of the receipts.
4. The original receipt was not maintained by the County Sheriff when a receipt was voided.
5. The mode of payment was not marked, or noted, on all receipts for Sheriff's receipts.

Recommendation: We recommend the County Sheriff follow 19 O.S. 2001, §682, and deposit all funds on a daily basis. We recommend the County Sheriff follow 28 O.S. 2001, §9 and issue a receipt for all monies received. Also, we recommend the mode of payment be clearly marked or noted on all receipts and when receipts are voided the original be maintained in the book to provide adequate internal controls over funds collected.

Management Response: The Sheriff will endeavor to make daily deposits, reconcile receipts to deposits, maintain original receipts when voided, and document the mode of payment.

**Statistical Section  
(Unaudited)**

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

<b>TAXPAYER</b>	<b>JANUARY 1, 2003 NET ASSESSED VALUATION</b>	<b>% OF TOTAL NET VALUATION</b>
Southwestern Bell Telephone	\$ 4,921,798	4.83%
American Gypsum Company	4,358,741	4.27%
Bar S Foods, Inc.	2,467,480	2.42%
Wal-Mart Stores, Inc.	1,374,901	1.35%
Hollis & Eastern RR Co.	1,255,040	1.23%
Centerpoint Energy Gas	1,068,568	1.05%
Burlington Northern & Sante Fe RR	1,055,531	1.04%
Shamrock Pipeline Company	832,223	0.82%
Public Service Company of OK	822,576	0.81%
Plains Cotton Cooperative Assoc.	688,056	0.67%
Total	<u>\$ 18,844,914</u>	<u>18.49%</u>

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

**JACKSON 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>\$ 101,939,554</u>
Debt limit - 5% of total assessed value		\$ 5,096,978
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	-
Legal debt margin		<u>\$ 5,096,978</u>

**JACKSON 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	28,439
Net assessed value as of January 1, 2003	\$ 101,939,554
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	\$ -

**JACKSON 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	\$13,629,089	\$12,150,537	\$80,573,928	\$4,414,000	\$101,939,554	\$14,080,760