

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

September 8, 2003

TO THE CITIZENS OF
JEFFERSON COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

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

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

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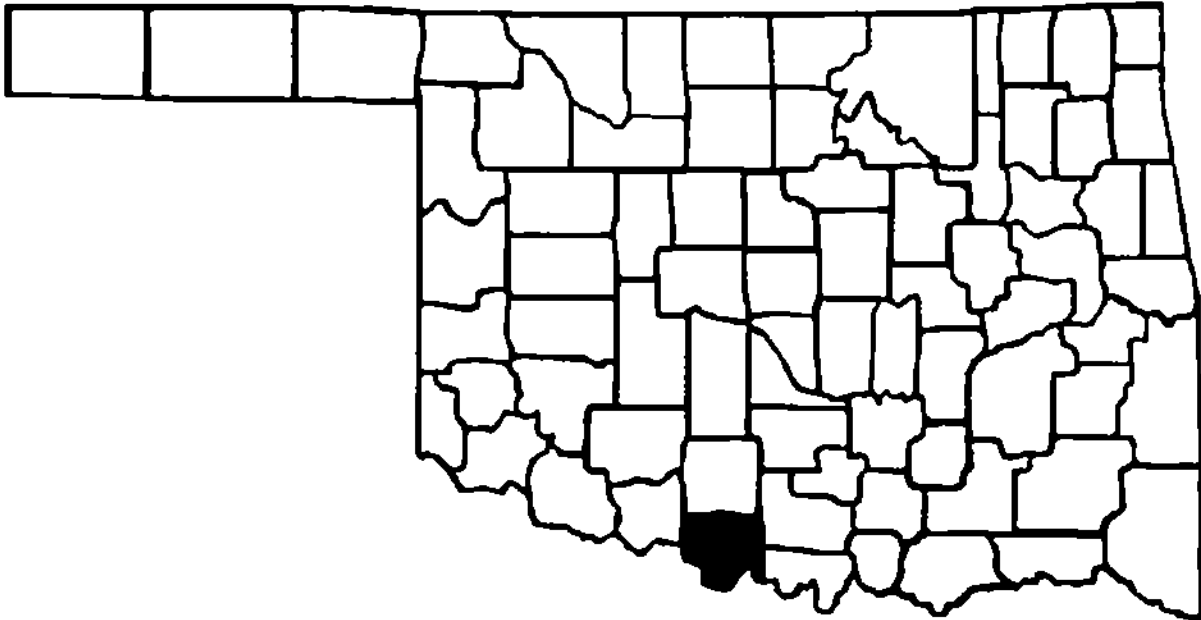
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**REPORT TO THE CITIZENS
OF
JEFFERSON COUNTY, OKLAHOMA**



Jefferson County is named for President Thomas Jefferson. A marker on S.H. 70 in Waurika, the County seat, designates the 98th Meridian, the dividing line between Indian Territory and Oklahoma Territory.

The town of Ringling was named for John Ringling, who built a railroad on this site to bring his circus to the area for its winter headquarters. Landmarks include the Rock Island Railroad Depot built in 1912, and Monument Hill Marker, honoring the Chisholm Trail and its trail drivers.

County Seat – Waurika

Area – 758.9 Square Miles

County Population – 6,518
(1999 est.)

Farms – 499

Land in Farms – 441,324 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Teresa Tallon
(D) Waurika

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
Doris Pilgreen
(D) Waurika

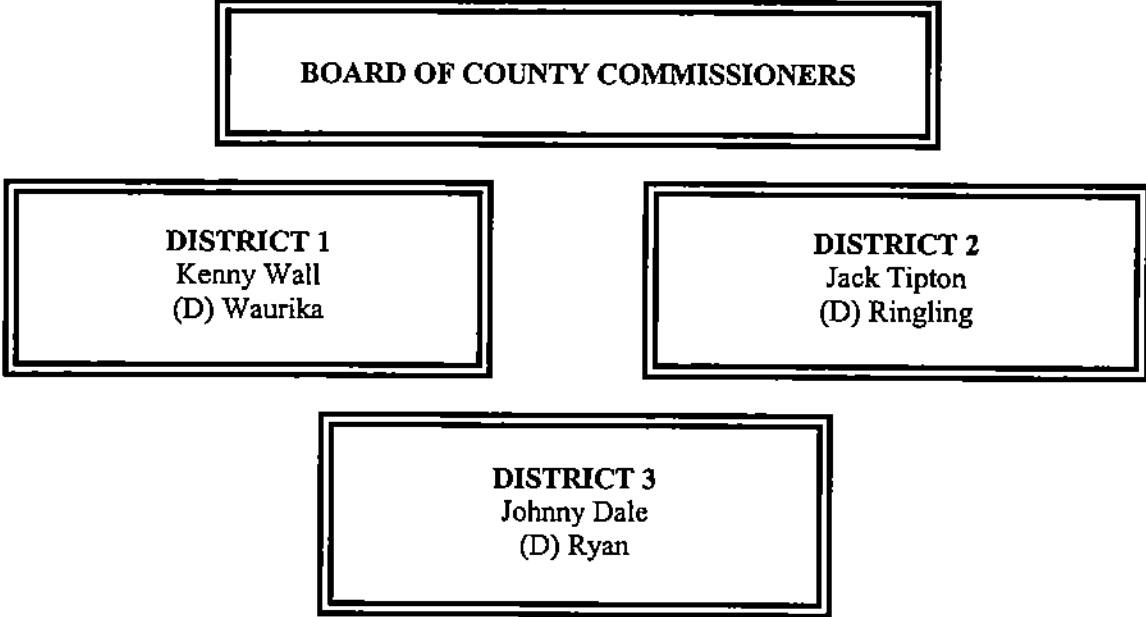
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Stanley Barnes
(D) Ryan

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
Vickie Behrens
(D) Waurika

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Linda Graham
(D) Addington

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
Gene Christian
(D) Duncan

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

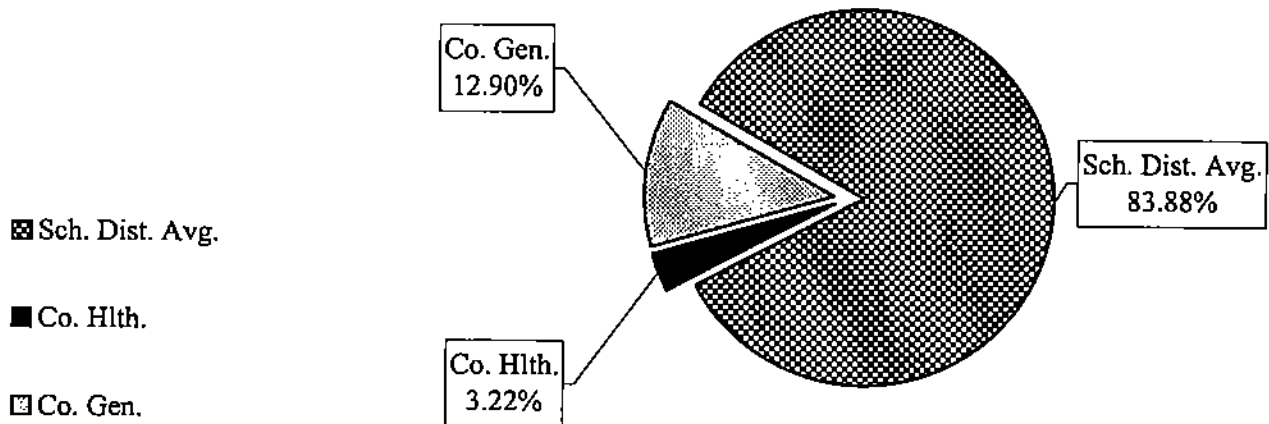
ELECTION BOARD SECRETARY
Mary R. Brown
(D) Waurika

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.

**AD VALOREM TAX DISTRIBUTION
JEFFERSON COUNTY, OKLAHOMA
SHARE OF THE AVERAGE MILLAGE**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Vo-Tech	Common	EMS	Total
Co. General	10.00									
County Health	2.50	Ryan	I-1	35.00	5.00			4.00		44.00
		Terral	C-03	35.00	5.00		12.00	4.00		56.00
		Ringling	I-14	35.00	5.00		10.00	4.00	3.00	57.00
		Waurika	I-23	35.00	5.00	4.70	12.00	4.00	3.00	63.70
Waurika	3.99	Comanche	JT-2	35.00	5.00	21.98	12.00	4.00		77.98
		Healdton	JT-55	35.00	5.00	23.01	10.00	4.00	3.00	80.01
		Grandview	JT-82	35.00	5.00	10.78	12.00	4.00		66.78
		Temple	JT-101	35.00	5.00	18.95	12.00	4.00		74.95

See independent auditor's report.

Independent Auditor's Report



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
JEFFERSON COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Jefferson County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These special-purpose financial statements are the responsibility of Jefferson County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Jefferson County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Jefferson 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 Jefferson County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2003, on our consideration of Jefferson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

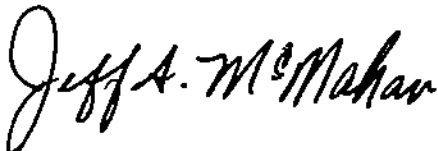
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Jefferson County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

June 2, 2003

Special-Purpose Financial Statements

**JEFFERSON COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002**

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2002
County General Fund	\$ 213,771	\$ 689,578	\$ 651,610	\$ 251,739
T-Highway	728,237	1,577,406	1,849,979	455,664
REAP		41,791	41,791	
County Health	55,407	72,223	73,417	54,213
Resale Property	15,715	16,694	15,532	16,877
Treasurer's Mortgage Tax Cert Fee	1,804	2,080	2,463	1,421
Co Ass'r Visual Inspection	6,563	100	656	6,007
Assessor Revolving	816	710	1,319	207
Sheriff Service Fee	18,825	120,394	119,460	19,759
Sheriff DOC	14,424	52,396	45,125	21,695
Sheriff Drug Abuse	313		12	301
Sheriff Lake Law	3,134	16,758	8,271	11,621
Sheriff Annex Account	18,432	2,509,464	2,263,131	264,765
COPS Grant	44			44
LLEB Grant	2,112	4,167	3,263	3,016
Sheriff Social Security	200			200
Communication Tower	2		2	
Commissioner Inspection Fee	300		300	
CSSP	365	100		465
Jefferson Co. Healthcare	32,555	204,895	221,888	15,562
Telemedicine Grant	60		60	
OSU Extension Special	120			120
County Clerk Lien Fee	2,801	3,497	2,973	3,325
County Clerk Preservation		8,985	471	8,514
JGSF		8,360	5,070	3,290
DVG Grant	6,232	9,535	15,562	205
JJDP	3,588	3,735	6,835	488
Courthouse Retrofit Fund		28,171	13,866	14,305
Sheriff VAWA Grant		1,324		1,324
Insurance Fund	526	3,445		3,971
Schools	10,422	1,575,580	1,564,833	21,169
Cities and Towns	6,439	156,398	155,658	7,179
Official Depository	155,799	3,382,927	3,386,738	151,988
Individual Redemption	617			617
Law Library	6,017	9,059	3,630	11,446
EFTPS		256,601	256,601	
DA Task Force	513		209	304
DA Evidence Trust		63		63
Free Fair Special	676	1,485	238	1,923
Court Ordered Investment 1-98	13,050	1,822		14,872
Court Clerk Trust	14,000			14,000
Refunds		11	11	
Excess Resale	328	5		333
REAP Fair Building		28,829	28,829	
Officers Change	515			515
Total County Funds	<u>\$ 1,334,722</u>	<u>\$ 10,788,588</u>	<u>\$ 10,739,803</u>	<u>\$ 1,383,507</u>

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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 213,771	\$ 213,771	\$ 213,771	\$ -
Less: Prior Year Outstanding Warrants	(43,793)	(43,793)	(38,440)	5,353
Less: Prior Year Encumbrances	(12,291)	(12,291)	(11,177)	1,114
Beginning Cash Balances, Budgetary Basis	<u>157,687</u>	<u>157,687</u>	<u>164,154</u>	<u>6,467</u>
Receipts:				
Ad Valorem Taxes	254,159	254,159	280,139	25,980
Charges for Services	28,392	28,392	27,509	(883)
Intergovernmental Revenues	280,346	312,577	334,379	21,802
Miscellaneous Revenues	46,423	46,423	47,551	1,128
Total Receipts, Budgetary Basis	<u>609,320</u>	<u>641,551</u>	<u>689,578</u>	<u>48,027</u>
Expenditures:				
District Attorney	4,999	5,671	5,671	
Capital Outlay	1	329	328	1
Total District Attorney	<u>5,000</u>	<u>6,000</u>	<u>5,999</u>	<u>1</u>
County Sheriff	153,120	148,563	68,680	79,883
Capital Outlay		11,001	3,831	7,170
Total County Sheriff	<u>153,120</u>	<u>159,564</u>	<u>72,511</u>	<u>87,053</u>
County Treasurer	57,757	57,457	57,278	179
Capital Outlay	3,660	3,960	3,960	
Total County Treasurer	<u>61,417</u>	<u>61,417</u>	<u>61,238</u>	<u>179</u>
OSU Extension	14,650	14,650	11,637	3,013
Total OSU Extension	<u>14,650</u>	<u>14,650</u>	<u>11,637</u>	<u>3,013</u>
County Clerk	58,919	59,095	58,931	164
Capital Outlay	2,000	2,000	1,987	13
Total County Clerk	<u>60,919</u>	<u>61,095</u>	<u>60,918</u>	<u>177</u>

continued on next page

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	54,817	54,982	54,982	
Total Court Clerk	54,817	54,982	54,982	-
County Assessor	60,317	60,477	60,430	47
Total County Assessor	60,317	60,477	60,430	47
Revaluation of Real Property	48,317	45,750	38,099	7,651
Capital Outlay	100	100		100
Total Revaluation of Real Property	48,417	45,850	38,099	7,751
General Government	139,104	162,101	129,996	32,105
Capital Outlay	2,000	2,000	778	1,222
Total General Government	141,104	164,101	130,774	33,327
Excise-Equalization Board	5,450	5,450	4,052	1,398
Total Excise-Equalization Board	5,450	5,450	4,052	1,398
County Election Board	41,823	42,500	42,438	62
Total County Election Board	41,823	42,500	42,438	62
Insurance	70,000	73,355	58,913	14,442
Total Insurance	70,000	73,355	58,913	14,442
County Purchasing Agent	21,177	21,040	21,040	
Total County Purchasing Agent	21,177	21,040	21,040	-
Welfare Agencies	10,000	10,000	8,185	1,815
Total Welfare Agencies	10,000	10,000	8,185	1,815
Charity	1,000	1,000	900	100
Total Charity	1,000	1,000	900	100
Firefighting	4,000	4,000	3,963	37
Total Firefighting	4,000	4,000	3,963	37
Recording Account	4,500	4,461	4,461	
Total Recording Account	4,500	4,461	4,461	-

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Audit Budget	<u>2,796</u>	<u>2,796</u>	<u>2,796</u>	<u>-</u>
Total County Audit Budget	<u>2,796</u>	<u>2,796</u>	<u>2,796</u>	<u>-</u>
Free Fair Budget	<u>6,500</u>	<u>6,500</u>	<u>6,159</u>	<u>341</u>
Total Free Fair Budget	<u>6,500</u>	<u>6,500</u>	<u>6,159</u>	<u>341</u>
Total Expenditures, Budgetary Basis	<u>767,007</u>	<u>799,238</u>	<u>649,495</u>	<u>149,743</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	204,237	<u>\$ 204,237</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			14,238	
Add: Current Year Outstanding Warrants			<u>33,264</u>	
Ending Cash Balance			<u>\$ 251,739</u>	

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

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

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 55,407	\$ 55,407	\$ 55,407	\$ -
Less: Prior Year Outstanding Warrants	(5,213)	(5,213)	(5,213)	
Less: Prior Year Encumbrances	(1,465)	(1,465)	(702)	763
Beginning Cash Balances, Budgetary Basis	<u>48,729</u>	<u>48,729</u>	<u>49,492</u>	<u>763</u>
Receipts:				
Ad Valorem Taxes	63,540	63,540	69,726	6,186
Intergovernmental			1,069	1,069
Charges for Services		1,323	1,375	52
Miscellaneous Revenues			53	53
Total Receipts, Budgetary Basis	<u>63,540</u>	<u>64,863</u>	<u>72,223</u>	<u>7,360</u>
Expenditures:				
Health and Welfare	112,269	113,592	68,607	44,985
Total Expenditures, Budgetary Basis	<u>112,269</u>	<u>113,592</u>	<u>68,607</u>	<u>44,985</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	53,108	<u>\$ 53,108</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			1,076	
Add: Current Year Outstanding Warrants			29	
Ending Cash Balance			<u>\$ 54,213</u>	

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
DA Incarceration	\$ 281	\$ 346	\$	\$	\$ 627
Court Clerk	58,863	1,020,278	1,039,953	9	39,197
Court Fund	66,041	236,852	237,171	60	65,782
DA Bogus Check	23,288	18,688	6,795		35,181
County Clerk		53,910	53,910		
County Sheriff		4,983	4,983		
County Treasurer	2,623	22,166	21,674	297	3,412
County Health Department		1,836	1,836		
Assessor Fees		710	710		
Election Board	389	13,742	13,809	67	389
Jefferson Co Hospital		1,980,267	1,980,266		1
DA Merchant		23,079	32,764	9,685	
DA State Witness	237	500	698		39
Ad Valorem over/short	11	347	340		18
Sheriff Unclaimed Property	167	1,363	748		782
Court Clerk Revolving	1,779	3,373	1,199		3,953
Sheriff Seizure	2,120	487			2,607
Total Official Depository Accounts	\$ 155,799	\$ 3,382,927	\$ 3,396,856	\$ 10,118	\$ 151,988

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

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

B. Fund Accounting

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

C. Basis of Accounting

The financial statements are prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgetary Policies

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

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

Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

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

F. Risk Management

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

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

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insured Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$10,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

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

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may accumulate from 10 to 15 days depending on the number of years of service. Vacation leave earned does not carry over from year to year and must be taken in the year in which it was earned.

Sick leave is accrued on a monthly basis. Sick leave shall accumulate at the rate of 1 day for each full calendar month of service and may be accrued up to a maximum of 45 days.

The County does not record any liability for sick leave.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$1,383,507 and the bank balance was \$1,387,794. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 authorizes the County Treasurer to invest in:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

Detailed Notes on Account Balances (continued)

B. Description of Funds

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

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

REAP – accounts for state grant funds received for various projects.

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 Fees - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements of the funds as restricted by 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.

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

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

Sheriff's DOC – accounts for the monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

Sheriff Drug Abuse – accounts for donations to be disbursed for drug awareness classes.

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

Sheriff Annex Account – accounts for the receipt and disbursements of monies for the INS Detention Facility.

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

LLEB Grant – accounts for grant monies received from the U.S. Department of Justice Local Law Enforcement Block Grant program used for the Sheriff's office.

Detailed Notes on Account Balances (continued)

Sheriff Social Security – accounts for monies received for prisoners’ social security benefits.

Communication Tower -- accounts for revenues and disbursements for the repair of the communication tower.

Commissioner Inspection Fee – accounts for collections from easements given to private industry on county-owned right of ways.

CSSP ~ accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Jefferson County Healthcare – accounts for sales tax revenues collected for the planning and construction associated with the Jefferson County Hospital and or related facilities.

Telemedicine Grant – accounts for grant funds received and disbursed as restricted by the grant agreement.

OSU Extension Special – accounts for donations received for the support of the OSU Extension office.

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

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

Juvenile Graduated Sanctions Fund -- accounts for grant funds received from the District Attorney’s Council disbursed as restricted by the grant agreement.

Domestic Violence Grant – accounts for grant funds received from the U.S. Department of Justice disbursed as restricted by the grant agreement.

Juvenile Justice Delinquency Prevention – accounts for grant funds received from the U.S. Department of Justice disbursed as restricted by the grant agreement.

Courthouse Retrofit Fund – accounts for monies received from the Office of the Secretary of Energy for stripper well oil overcharge refund and may be disbursed for the renovation of the courthouse.

Sheriff VAWA Grant – accounts for grant funds received from the U.S. Department of Justice disbursed as restricted by the grant agreement.

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

Detailed Notes on Account Balances (continued)

Insurance Fund – accounts for the receipt and disbursement of insurance collections.

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

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

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

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

Law Library - accounts for monies received for disbursement from the state for the law library board.

Electronic Federal Tax Payment System – accounts for federal tax withholdings electronically remitted to the federal government.

D.A. Task Force – accounts for monies set aside for law enforcement sting operations.

D.A. Evidence Trust – accounts for collection from fines, fees, and forfeitures and disbursements of funds restricted by court orders and states statutes.

Free Fair Special – accounts for revenue derived from the rental of the fair building.

Court Ordered Investment 1-98 – accounts for collection from cash bonds for civil case. Disbursements of funds are restricted by court orders.

Court Clerk Trust – accounts for collection from cash bonds for civil case. Disbursements of funds are restricted by court orders.

Refunds – accounts for unapportioned taxes collected and being held for tax refunds.

Excess Resale - accounts for the proceeds of sale of property in excess of tax against property to be held in trust for a two-year period.

REAP Fair Building – accounts for state grant funds received for the purpose of constructing a fair barn building.

Detailed Notes on Account Balances (continued)

Officers Change – accounts for officers cash on hand.

Additionally, the following official depository accounts are described below:

District Attorney Incarceration – accounts for collections received from inmates to reimburse for incarceration expense.

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

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

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

County Clerk – accounts for the collection of filing fees and disbursed to the Oklahoma Tax Commission and general fund.

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

County Treasurer – accounts for all collection of taxes, pre-paid mobile homes, and motor vehicle stamps. Disbursements are for the purpose of refunding overpayment of taxes and motor vehicle collection distribution.

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

Assessor's Fee – accounts for all collection for copies and proceeds from sale of ownership books to be disbursed at the end of the month and deposited in the Assessor revolving fund.

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

Jefferson County Hospital – accounts for revenues collected by the hospital deposited daily to the County and remitted monthly to the hospital.

D.A. Merchant – accounts for the collection of bogus checks to be disbursed to merchants.

Detailed Notes on Account Balances (continued)

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

Ad Valorem Over/Short – accounts for the receipt of overpayments on ad valorem collections.

Sheriff Unclaimed Property – accounts for the collection of unclaimed property and disbursements as restricted by court orders and state statutes.

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

Sheriff Seizure – accounts for the collection from forfeitures and disbursements of funds restricted by court orders and state statutes.

C. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2001, was approximately \$27,957,564.

The County levied 10.00 mills (the legal maximum) for general fund operations and 2.50 mills for the county health department. 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, 2002, were approximately 95.75 percent of the tax levy.

Detailed Notes on 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.

5. Sales Tax

The voters of Jefferson County approved a 1% sales tax effective December 1, 1992. The voters approved the tax with no termination date. This sales tax was established to provide revenue to the general operations of the County government, and for support of County Civil Defense, OSU Extension Services, County Law Enforcement, county-wide rural fire protection, and fair board maintenance and operations. The voters also passed a 1% sales tax effective November 1, 2000, for a period of 5 years. This sales tax was established to provide revenue to the Jefferson County Healthcare Authority for the purpose of planning and construction associated with the Jefferson County Hospital or related medical facilities.

Schedule of Expenditures of Federal Awards

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer: Flood Control Project	12.112		\$ 1,846
Total U.S. Department of Defense			<u>1,846</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Payment in Lieu of Taxes	15.226		24,645
Total U.S. Department of Interior			<u>24,645</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through Oklahoma Office of Juvenile Affairs: Juvenile Justice and Delinquency Prevention Act	16.540	2000-PV-2-20	6,685
Passed Through Oklahoma District Attorney's Council: Domestic Violence Awareness Program	16.558	V00-247	14,300
Domestic Violence Awareness Program	16.558	V01-323	5,087
Direct Grant: Local Law Enforcement Block Grant	16.592	LE00-592	885
Local Law Enforcement Block Grant	16.592	LE01-741	1,151
Total U.S. Department of Justice			<u>28,108</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-02-03-06-01	50,000
Total U.S. Department of Transportation			<u>50,000</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through Oklahoma State Department of Civil Emergency Management Public Assistance Grants	83.544		368,641
Total Federal Emergency Management Agency			<u>368,641</u>
Total Expenditures of Federal Awards			<u>\$ 473,240</u>

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

Basis of Presentation

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

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
JEFFERSON COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Jefferson County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated June 2, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jefferson County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2002-1 and 2002-2.

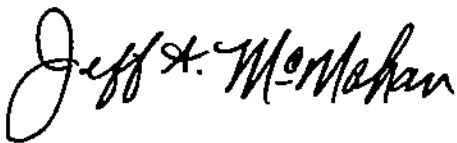
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2002-1 and 2002-2 to be material weaknesses.

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

June 2, 2003

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
JEFFERSON COUNTY, OKLAHOMA

We have audited the compliance of Jefferson County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. Jefferson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Jefferson County's management. Our responsibility is to express an opinion on Jefferson County's compliance based on our audit.

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

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

Internal Control Over Compliance

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

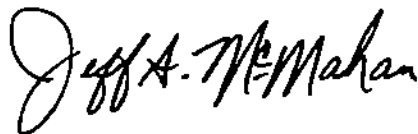
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

June 2, 2003

Schedule of Findings and Questioned Costs

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

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting: Unqualified

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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83.544	Public Assistance Grants
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Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee?	No
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**JEFFERSON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

SECTION 2 - Financial Statement Findings

Finding 2002-1 – Commissary

Criteria: Title 19 O.S. 2001, § 180.43 caption E states, "Each county sheriff may operate, or contract the operation of, a commissary for the benefits of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. In addition, 19 O.S. 2001, § 531 states, "Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into the checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.

Condition: During testwork, it was noted that a Sheriff's employee provides commissary to prisoners, having no contract or written agreement with the Sheriff or County Commissioners. Further, it was noted that the employee is depositing inmates' monies into an outside bank account in her name.

Recommendation: We recommend the Sheriff obtain a contract for the provided services and establish a checking account to be designated the "Inmate Trust Fund Checking Account".

Management's Response: The County Sheriff is working on obtaining a contract and implementing the proper procedures concerning the commissary.

Finding 2002-2 Expenditures

Criteria: Good internal procedures are necessary to ensure stewardship and accountability of public funds. Further, 19 O.S. 2001, § 1505 prescribes for encumbering, bidding, and the receiving of items purchased.

Condition: Of the 78 eight purchase orders tested, it was noted that 6 purchase orders were not properly encumbered, 2 items were not bid, and 1 receiving report was not signed by an authorized receiving officer.

Recommendation: We recommend that all items purchased be properly encumbered, bid if necessary, and that receiving reports be signed by an authorized receiving officer.

Management's Response: A greater effort will be made to adhere to purchasing procedures as outlined in states statutes.

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

SECTION 3 – Federal Award Findings and Questioned Costs

No matters were reported.

**Statistical Data
(Unaudited)**

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

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Teppco Crude Pipeline LLC	\$ 1,615,887	5.77%
2 Southwestern Bell	1,223,030	4.37%
3 Shamrock Logistics	966,079	3.46%
4 Union Pacific RR	557,031	1.99%
5 Exxon Mobile Pipeline LP	471,734	1.69%
6 RT Stuart Ranch LLC	359,779	1.29%
7 Oklahoma Natural Gas	345,785	1.24%
8 Public Service of Oklahoma	317,592	1.14%
9 Equilon Pipeline Company	312,435	1.11%
10 Terral Telephone	306,522	1.10%
Total	<u>\$ 6,475,874</u>	<u>23.16%</u>

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

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

Total net assessed value as of January 1, 2001		<u>\$ 27,957,564</u>
Debt Limit - 5% of total assessed value		1,397,878
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal Debt Margin		<u>\$ 1,397,878</u>

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

	2002
Estimated population	6,518
Net assessed value	\$ 27,957,564
Gross bonded debt	0
Less available sinking fund cash balance	0
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

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

<u>Tax Year</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>
2002	\$ 3,592,342	\$ 8,318,076	\$ 17,671,452	\$ 1,624,306	\$ 27,957,564	\$ 231,116,655