

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

November 8, 2004

TO THE CITIZENS OF  
LeFLORE COUNTY, OKLAHOMA

Transmitted herewith is the audit of LeFlore County, Oklahoma, for the fiscal year ended June 30, 2003. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

**LeFLORE COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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**LeFLORE COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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COMPLIANCE/INTERNAL CONTROL SECTION

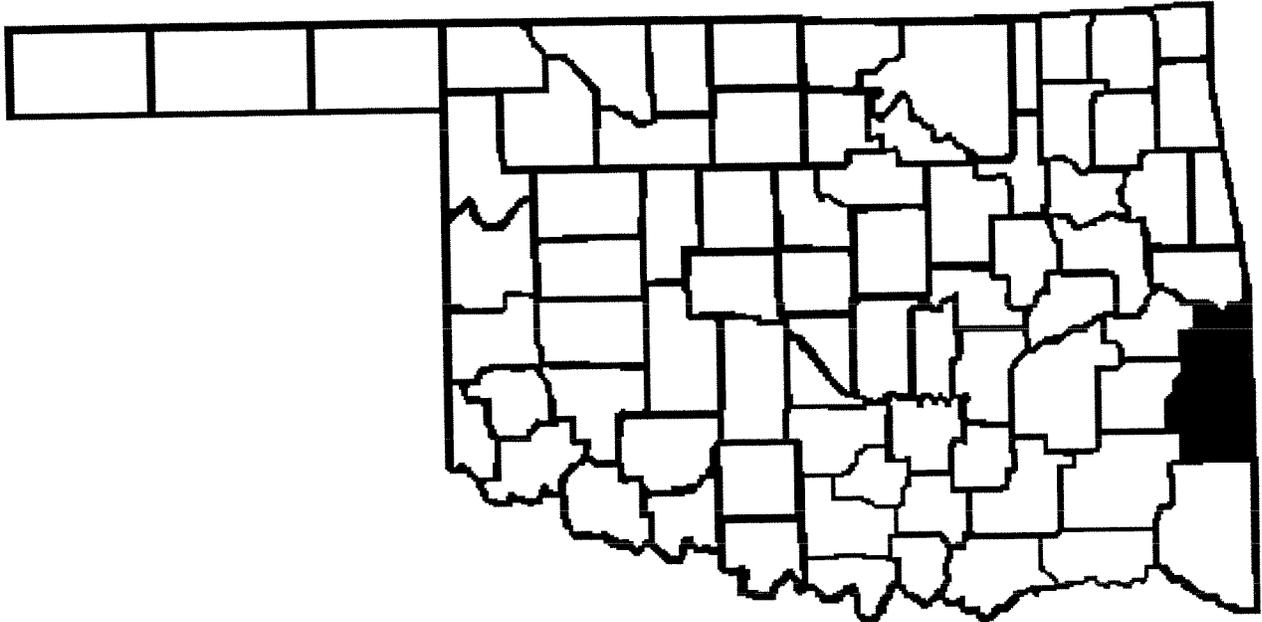
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**REPORT TO THE CITIZENS  
OF  
LeFLORE COUNTY, OKLAHOMA**

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Once part of the Choctaw Nation, Indian Territory, LeFlore County is diverse in its topography. With rugged hills, narrow valleys and productive farmland, there is a gentle blending of modern days and old ways. Many of the towns were established as a result of railroad expansion.

Within its borders there are two hospitals, seven libraries, a two-year college, three vocational schools, five newspapers, a veteran's center, and numerous clinics. Manufacturing produces such items as refrigerator parts, instrument panels, crackers, and cattle feed. Carl Albert State College offers courses to more than 2,000 full- and part-time students annually.

Poteau, the county seat, was home to late Senator Robert S. Kerr. Tourism is an important aspect of the LeFlore County Economy. The Heavener Runestone and Spiro Mounds are well-known historic sites, as are stops on the old Butterfield Trail. Hailed as the first transcontinental link between East and West, several stops are still found in the northern part of the county. The Ouachita National Forest, including the Talimena Scenic Drive, dominates the southern half of the county.

For more information, call the county clerk's office at 918/647/5738.

County Seat – Poteau

Area – 1,586 Square Miles

County Population - 48,109 (2000 est.)

Farms – 1,744

Land in Farms - 407,359 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**

Ruth Darneal  
(D) Wister

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**

Alan Vickers  
(D) Heavener

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.

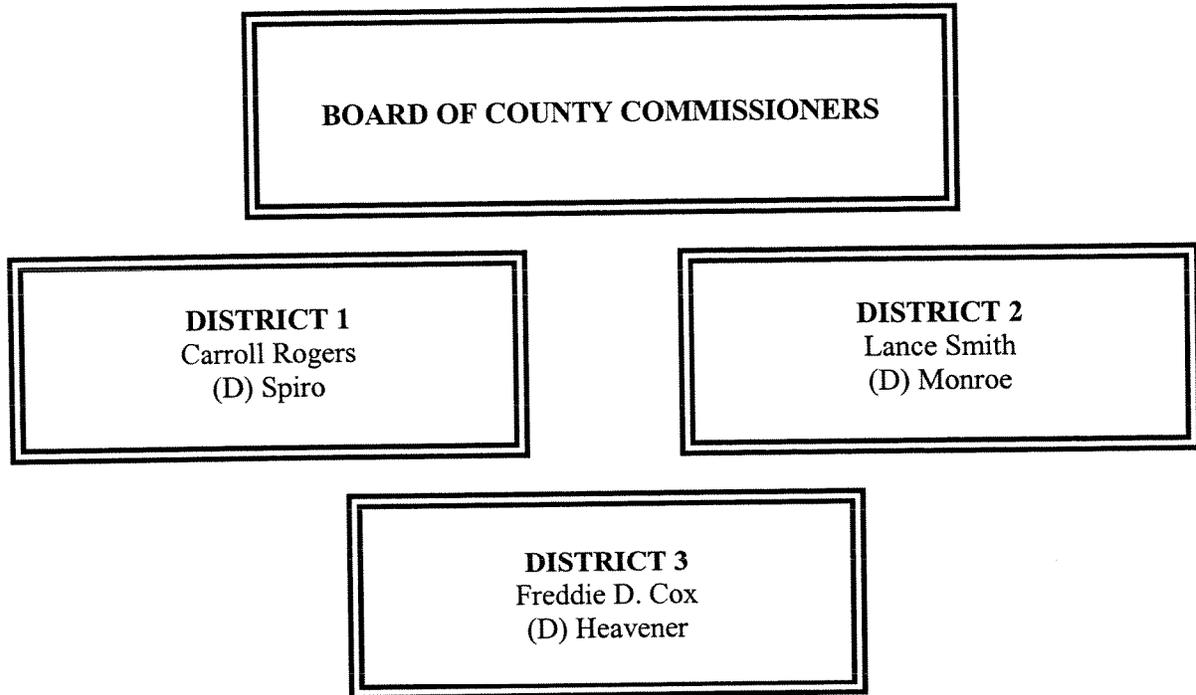
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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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.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Roy Gentry  
(D) Poteau

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**  
Stella Drury  
(D) Poteau

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.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Melba Hall  
(D) Poteau

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**  
Rob Wallace  
(D) Poteau

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.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

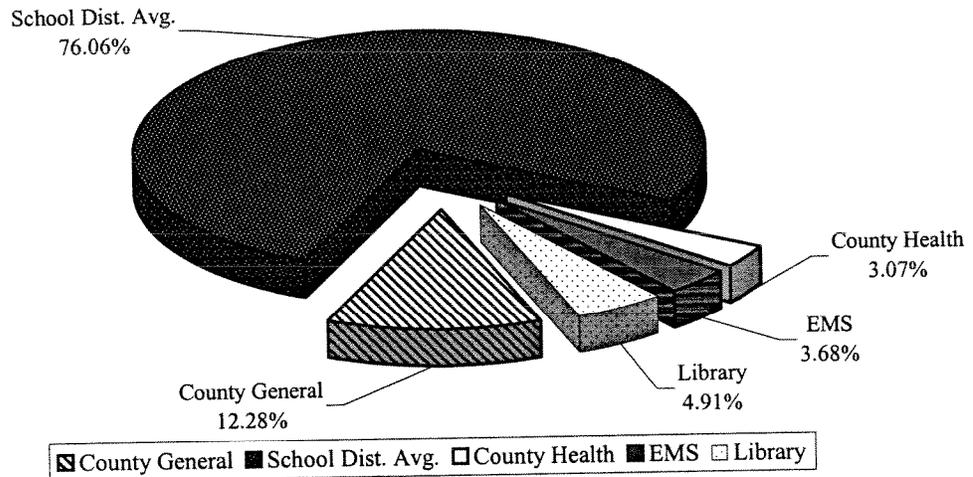
Phillip Zearley  
(D) Poteau

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.

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

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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Tech Cntr.	Tech Cntr. Bldg	Common	Total
Co. General	10.00									
County Health	2.50	Spiro	I-2	35.00	5.00	10.91	10.00	2.00	4.00	66.91
EMS	3.00	Heavener	I-3	35.00	5.00	7.30	10.00	2.00	4.00	63.30
Library	4.00	Shady Point	C-4	35.00	5.00	10.20	10.00	2.00	4.00	66.20
		Pocola	I-72	35.00	5.00	9.55	10.00	2.00	4.00	65.55
		Monroe	C-11	35.00	5.00		10.00	2.00	4.00	56.00
		Hodgen	C-14	35.00	5.22	7.42	10.00	2.00	4.00	63.64
		LeFlore	I-16	35.00	5.00		10.00	2.00	4.00	56.00
		Cameron	I-17	35.00	5.00		10.00	2.00	4.00	56.00
		Panama	I-20	35.00	5.00	5.43	10.00	2.00	4.00	61.43
		Bokoshe	I-26	35.00	5.00		10.00	2.00	4.00	56.00
		Poteau	I-29	35.00	5.00	12.63	10.00	2.00	4.00	68.63
		Fanshawe	C-39	35.00	5.00		10.00	2.00	4.00	56.00
		Wister	I-49	35.00	5.00	13.31	10.00	2.00	4.00	69.31
		Talihina	I-52	35.00	5.00	11.15	10.00	2.00	4.00	67.15
		Whitesboro	I-62	35.00	5.00		10.00	2.00	4.00	56.00
		Howe	I-67	35.00	5.00	15.00	10.00	2.00	4.00	71.00
		Arkoma	I-91	35.00	5.00		10.00	2.00	4.00	56.00
		Smithville	J-14	35.00	5.00	9.97	10.00	2.00	4.00	65.97
		McCurtain	J-37	35.00	5.00		10.00	2.00	4.00	56.00
		Red Oak	JT-2	35.00	5.00	17.05	10.00	2.00	4.00	73.05
		Latimer	JT-16	35.00	5.00		10.00	2.00	4.00	56.00
		Keota	JT-43	35.00	5.00	6.77	10.00	2.00	4.00	62.77
		Latimer	JT-52	35.00	5.00		10.00	2.00	4.00	56.00

See independent auditor's report.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
LeFLORE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of LeFlore County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of LeFlore 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 LeFlore 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 LeFlore 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 LeFlore County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2004, on our consideration of LeFlore 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.

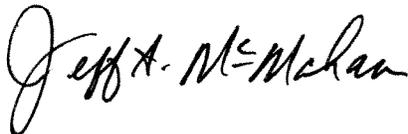
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of LeFlore County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits 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

August 23, 2004

**Special-Purpose Financial Statements**

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

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
General Fund	\$ 79,832	\$ 2,521,327	\$ 2,537,085	\$ 64,074
Highway Cash	2,844,610	5,072,022	6,223,004	1,693,628
Assessor Revolving	15,997	4,847	13,358	7,486
Assessor's Visual Inspection	1			1
Commissioners CSSP	15,210	8,756	12,985	10,981
County Building Insurance	4,116	900	4,994	22
County Clerk's Lien Fee	37,529	42,646	57,526	22,649
County Health Department	642,670	520,997	749,425	414,242
County Library	5,758	650,962	648,091	8,629
D10 Water Tax	10	84	94	
DA Control FD	13,454	24,222	20,077	17,599
District Attorney Drug Court - District 16	10,814	40,100	46,680	4,234
District Attorney DT III	63,560	1,070	37,472	27,158
District Attorney DTF IV		140,194	134,900	5,294
Official Depository	699,991	12,496,089	12,275,499	920,581
DOCCS		2,228	619	1,609
Election Board	119			119
Emergency Medical Services	4,323	488,245	488,595	3,973
Ft. Coffee/City Hall		3,600	3,600	
FEMA	6,352			6,352
Gilmore - K6034		15,000	15,000	
Hog Eye - K6039		12,115	12,115	
Individual Redemption	21,195	57,713	59,853	19,055
JDET	1,311	4,373	4,373	1,311
LeFlore County Flood Plain		300		300
LEOP Emergency Operation Plan		26,630		26,630
LEPC		76	76	
Loving Community - K6037		96	96	
LeFlore - K6038		15,000	15,000	
Mortgage Tax	52			52
Mortgage Tax Certification Fees	74,382	13,595	15,580	72,397
Municipal	26,491	334,661	338,022	23,130
RM&P Cash Fund	46,959	72,140	73,609	45,490
Race Track - K6040		12,115	12,115	
Refund Tax Account	3,203	14,326	14,248	3,281
Resale Property	134,889	147,156	148,212	133,833
Rock Island - K6041		10,675	10,675	
Rural Water District #14 - 9641 CDBG		160,749	160,749	
Rural Water District #14 - 9641 CDBG 03		142,435	142,435	
Schools	152,252	10,953,014	10,998,542	106,724

continued on next page

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

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

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
Sheriff Commissary	1,766	13,330	13,677	1,419
Sheriff Ce Cash	1,802	6,123	7,892	33
Sheriff Cops Fast	628		618	10
Sheriff DJ LEBG	3			3
Sheriff DOC	8,843	72,595	60,324	21,114
Sheriff LEBG	1,308	11,411	11,711	1,008
Sheriff's Service Fee	19,103	114,094	115,896	17,301
Sheriff Special Cash	232	15,509	14,820	921
Sheriff Training Program	38	30	30	38
Sheriff - SUNI		600	600	
Solid Waste	757,439	1,563,665	1,494,204	826,900
Special 911 Account	298,330	525,187	680,142	143,375
Stapp-Zoe - K6029		434	434	
Thornburg Mountain - K6035		15,000	15,000	
Ludlow Community Center		3,000	3,000	
Hudson Corner - K7037		5,051	5,051	
Williams - K7026		5,995	5,995	
Stapp-Zoe - K7028		5,995	5,995	
Ft. Coffee - K7030		12,319	12,319	
Hog Eye - K7038		3,313	3,313	
Howe - K7035		6,805	6,805	
Reichert - K7027		5,995	5,995	
<b>Total County Funds</b>	<u>\$5,994,572</u>	<u>\$36,396,909</u>	<u>\$37,738,525</u>	<u>\$4,652,956</u>

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

**LeFLORE COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 79,832	\$ 79,832	\$ 79,832	\$ -
Less: Prior Year Outstanding Warrants	(79,364)	(79,364)	(79,364)	
Less: Prior Year Encumbrances	(52,143)	(52,143)	(48,724)	3,419
Beginning Cash Balances, Budgetary Basis	<u>(51,675)</u>	<u>(51,675)</u>	<u>(48,256)</u>	<u>3,419</u>
Receipts:				
Ad Valorem Taxes	1,595,182	1,595,182	1,536,814	(58,368)
Charges for Services	245,918	245,918	288,398	42,480
Intergovernmental Revenues	323,499	476,136	460,356	(15,780)
Miscellaneous Revenues	255,500	255,500	235,759	(19,741)
Total Receipts, Budgetary Basis	<u>2,420,099</u>	<u>2,572,736</u>	<u>2,521,327</u>	<u>(51,409)</u>
Expenditures:				
District Attorney	3,000	18,054	15,994	2,060
Total District Attorney	<u>3,000</u>	<u>18,054</u>	<u>15,994</u>	<u>2,060</u>
County Sheriff	469,959	467,663	467,663	
Capital Outlay		5,449	5,449	
Total County Sheriff	<u>469,959</u>	<u>473,112</u>	<u>473,112</u>	<u>-</u>
County Treasurer	98,525	93,367	93,324	43
Total County Treasurer	<u>98,525</u>	<u>93,367</u>	<u>93,324</u>	<u>43</u>
County Commissioners	87,300	56,375	56,375	
Total County Commissioners	<u>87,300</u>	<u>56,375</u>	<u>56,375</u>	<u>-</u>
OSU Extension	73,014	73,014	72,984	30
Capital Outlay	1,500	1,500	1,500	
Total OSU Extension	<u>74,514</u>	<u>74,514</u>	<u>74,484</u>	<u>30</u>
County Clerk	235,788	239,154	238,600	554
Capital Outlay	3,000	441	441	
Total County Clerk	<u>238,788</u>	<u>239,595</u>	<u>239,041</u>	<u>554</u>
Court Clerk	147,425	147,428	142,732	4,696
Total Court Clerk	<u>147,425</u>	<u>147,428</u>	<u>142,732</u>	<u>4,696</u>

continued on next page

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

**LeFLORE COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	173,075	171,876	171,851	25
Capital Outlay	2,000	3,199	3,199	
Total County Assessor	<u>175,075</u>	<u>175,075</u>	<u>175,050</u>	<u>25</u>
Revaluation of Real Property	206,300	205,139	195,376	9,763
Capital Outlay	2,000	3,161	3,161	
Total Revaluation of Real Property	<u>208,300</u>	<u>208,300</u>	<u>198,537</u>	<u>9,763</u>
General Government	674,100	802,628	797,094	5,534
Capital Outlay	29,300	19,070	19,070	
Total General Government	<u>703,400</u>	<u>821,698</u>	<u>816,164</u>	<u>5,534</u>
Excise-Equalization Board	5,500	5,500	3,175	2,325
Total Excise-Equalization Board	<u>5,500</u>	<u>5,500</u>	<u>3,175</u>	<u>2,325</u>
County Election Board	93,750	130,615	125,995	4,620
Capital Outlay	1,000	4,190	4,190	
Total County Election Board	<u>94,750</u>	<u>134,805</u>	<u>130,185</u>	<u>4,620</u>
Charity	1,000	500	500	
Total Charity	<u>1,000</u>	<u>500</u>	<u>500</u>	<u>-</u>
Civil Defense	23,900	28,178	27,691	487
Capital Outlay	1,500	9,072	9,072	
Total Civil Defense	<u>25,400</u>	<u>37,250</u>	<u>36,763</u>	<u>487</u>
Youth Services	1,250	1,250	1,250	
Total Youth Services	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>-</u>
County Audit Budget Account	16,738	16,738	16,738	
Total County Audit Budget Account	<u>16,738</u>	<u>16,738</u>	<u>16,738</u>	<u>-</u>
Free Fair Budget	2,500	2,500	647	1,853
Total Free Fair Budget	<u>2,500</u>	<u>2,500</u>	<u>647</u>	<u>1,853</u>

continued on next page

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

**LeFLORE COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

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continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Provision for Interest on Warrants	15,000	15,000	14,684	316
Total Expenditures, Budgetary Basis	<u>2,368,424</u>	<u>2,521,061</u>	<u>2,488,755</u>	<u>32,306</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	(15,684)	<u>\$ (15,684)</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			22,762	
Add: Current Year Encumbrances			56,996	
Add: Current Year Outstanding Warrants			<u>\$ 64,074</u>	
Ending Cash Balance				

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

**LeFLORE COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
COUNTY HEALTH DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 642,670	\$ 642,670	\$ 642,670	\$ -
Less: Prior Year Outstanding Warrants	(1,675)	(1,675)	(1,675)	
Less: Prior Year Encumbrances	(84,975)	(84,975)	(29,658)	55,317
Beginning Cash Balances, Budgetary Basis	<u>556,020</u>	<u>556,020</u>	611,337	<u>55,317</u>
Receipts:				
Ad Valorem Taxes	380,410	380,410	402,463	22,053
Intergovernmental Revenues		14,253	14,253	
Miscellaneous Revenues		103,332	104,281	949
Total Receipts, Budgetary Basis	<u>380,410</u>	<u>497,995</u>	<u>520,997</u>	<u>23,002</u>
Expenditures:				
Health and Welfare	895,000	1,012,585	849,340	163,245
Capital Outlay	41,430	41,430	5,842	35,588
Total Expenditures, Budgetary Basis	<u>936,430</u>	<u>1,054,015</u>	<u>855,182</u>	<u>198,833</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	277,152	<u>\$ 277,152</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			131,212	
Add: Current Year Outstanding Warrants			5,878	
Ending Cash Balance			<u>\$ 414,242</u>	

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

**LeFLORE COUNTY, OKLAHOMA  
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County Clerk	\$	\$ 451,233	\$ 451,328	\$ 95	\$
Board of County Commissioners		28,123	28,123		
Health Department		111,207	111,207		
Law Library	6,258	25,980	25,278		6,960
Eastern Oklahoma Medical Center	100	5,791,723	5,791,723		100
Court Clerk	274,176	2,289,509	2,326,208	1,299	238,776
Court Fund	189,459	1,047,250	1,013,178	331	223,862
Law Library Revolving Fund		9,000	9,000		
Court Clerk Revolving Fund	31,916	34,196	4,935		61,177
Election Board	542	60,464	62,344	1,738	400
County Sheriff		305,760	306,746	986	
Sheriff Inmate	905	58,002	57,404	4,984	6,487
District Attorney Account	112	58	95		75
District Attorney Bogus Depository	22,240	473,141	481,162	846	15,065
District Attorney Bogus Check Fee	67,535	280,403	230,665		117,273
District Attorney Corps Account	12,915	15,633	2,133	83	26,498
District Attorney Witness	142	4,123	2,693		1,572
District Attorney VOCA		30,698	30,698		
District Attorney Restitution & Diversion Fee Account	1,236	9,800	523		10,513
District Attorney Restitution & Diversion Restitution	2,333	27,940	30,000		273
County Assessor		4,847	4,847		
Solid Waste		310,490	310,490		
Trust Deposit	79,433	1,010,658	1,008,824	3,843	85,110
Trust Interest Excess Resale	10,689	115			10,804
Trust Interest Protest Tax		115,636			115,636
County Treasurer Fee		100	100		
<b>Total Official Depository Accounts</b>	<u>\$ 699,991</u>	<u>\$ 12,496,089</u>	<u>\$ 12,289,704</u>	<u>\$ 14,205</u>	<u>\$ 920,581</u>

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

B. Fund Accounting

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

C. Basis of Accounting

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

D. Budgetary Policies

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

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

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

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

<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 authorized deductibles, the County would have to pay its share of the pool deficit.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county will pay a deductible amount (\$1,000 to \$100,000; the County has a \$50,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

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

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year and must be taken during the year earned. Employees with 1 to 5 years of service earn 10 days per year and employees with over 5 years of service earn 15 days per year.

Employees earn up to 8 days per year of sick leave and may accumulate up to 60 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before May 31 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. Within weeks, the County Budget Board 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 \$4,652,956 and the bank balance was \$4,757,162. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and § 348.3 allow the following types of investments:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements

Detailed Notes on Funds and Account Balances (continued)

- 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

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.

Assessor 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.

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

County Building Insurance – accounts for rent collected from the Lowery Building.

County Clerk's Lien Fee – accounts for lien collections and disbursements of sheriff process service fees as restricted by statutes.

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

County Library – accounts for monies collected on behalf of the library from ad valorem taxes and remitted to them monthly.

D10 Water Tax – accounts for a water tax collected for the Fourche Maline Conservancy.

DA Control FD – accounts for fines and forfeitures related to controlled substance crimes.

District Attorney Drug Court - District 16 – accounts for funds from the Department of Mental Health Substance Abuse Services to implement a drug court program.

District Attorney DT III – accounts for federal funds from the Byrne Program that was passed through the District Attorney's Council to be used for the drug task force.

District Attorney DTF IV – accounts for federal funds from the Byrne Program that was passed through the District Attorney's Council to be used for the drug task force.

Detailed Notes on Funds and Account Balances (continued)

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

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

Election Board – accounts for reimbursements from the State Election Board for refunds of election fees and disbursements as restricted by statutes.

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

Ft. Coffee/City Hall – accounts for state grant funds received to make repairs.

FEMA – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Gilmore - K6034 – accounts for state grant funds received to resurface, chip, and seal four miles of road to Gilmore.

Hog Eye – K6039 – accounts for state grant funds received to oil and chip two miles of Hog Eye Road.

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

JDET – accounts for reimbursements from state for attendant care and transportation of juveniles.

LeFlore County Flood Plain – accounts for fees collected from inspections and assessments of flood plain areas and is used for the general operations of the emergency management office.

LEOP Emergency Operation Plan – accounts for federal funds received for local emergency planning.

LEPC – accounts for state funds received for local emergency planning.

Loving Community – K6037 – accounts for state grant funds received to oil, chip, and seal four miles in Loving Community.

LeFlore – K6038 – accounts for state grant funds received to resurface, chip, and seal four miles of roads in Loving Community.

Mortgage Tax – accounts for unapportioned mortgage tax receipts.

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

Mortgage Tax Certification Fees – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds restricted by statutes.

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

RM&P Cash Fund – accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

Race Track - K6040 – accounts for state grant funds received to resurface, oil, and chip approximately two miles of Race Track Road near Spiro.

Refund Tax Account – accounts for reimbursements to taxpayers for overpayment of taxes.

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

Rock Island – K6041 – accounts for state grant funds received to oil and chip approximately two miles of road near the town of Rock Island.

Rural Water District #14 – 9641 CDBG – accounts for the federal funds passed through the Oklahoma Department of Commerce to be used for the construction of a water system for the Bokoshe Mountain Project.

Rural Water District #14 – 9641 CDBG 03 – accounts for the federal funds passed through the Oklahoma Department of Commerce to be used for the construction of a water system for the Bokoshe Mountain Project.

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

Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust money for commissary items and disbursement of funds are restricted by state statute.

Sheriff Ce Cash – accounts for federal funds from the Corps of Engineers for lake patrol.

Sheriff Cops Fast – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Services program used for deputy salaries in the Sheriff's office.

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

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

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

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

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

Sheriff Special Cash – accounts for federal funds from the Corps of Engineers for lake patrol.

Sheriff Training Program – accounts for funds collected from the deposition of unclaimed property for the purpose of purchasing equipment, materials, or supplies that may be used in crime prevention.

Sheriff - SUNI – accounts for state funds passed through KEDDO to purchase uniforms for the Sheriff's Department.

Solid Waste – accounts for the sales tax monies collected for the operation of a solid waste system.

Special 911 Account – accounts for monies received from private telephone companies for the operations of emergency 911 services.

Stapp-Zoe - K6029 – accounts for state grant funds received to renovate senior citizens center at Stapp-Zoe.

Thornburg Mountain - K6035 – accounts for state grant funds received to oil and chip four miles of road in Thornburg Mountain Community.

Ludlow Community Center – accounts for state grant funds received for the materials and installation of a heat pump for Ludlow Community Center.

Hudson Corner - K7037 – accounts for state grant funds received to oil and chip four miles of road of Bokoshe and West of Spiro.

Williams - K7026 – accounts for state grant funds received to purchase a spraying machine for mosquito control for Williams Community.

Stapp-Zoe - K7028 – accounts for state grant funds received to purchase a spraying machine for mosquito control for Stapp-Zoe Community.

Detailed Notes on Funds and Account Balances (continued)

Ft. Coffee - K7030 – accounts for state grant funds received to purchase a used fire truck and equipment for the Fort Coffee Community.

Hog Eye - K7038 – accounts for state grant funds received to oil and chip four miles of road in the Hog Eye Community.

Howe - K7035 – accounts for state grant funds received to overlay four miles of streets in Howe.

Reichert - K7027 accounts for state grant funds received to purchase a spraying machine for mosquito control for the Reichert Community.

The following narrative details the official depository accounts.

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

Board of County Commissioners – accounts for the collection of citizens' payments for tin horns and reimbursement for summer work programs.

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

Law Library – accounts for fees collected from court cases and is transferred to the Law Library Revolving Fund official depository to be disbursed to the state for the Law Library Board.

Eastern Oklahoma Medical Center – accounts for daily collections of the Hospital. Money is disbursed back to the Hospital.

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.

Law Library Revolving Fund – accounts for fees remitted to the state for the Law Library Board.

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

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

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

County Sheriff – accounts for all collections of foreign service fees and cash bond monies. Monies are disbursed at the end of the month and deposited in the assessor’s revolving fund.

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

District Attorney Account – accounts for collection of child support incentive and disbursement of funds as restricted by state statutes.

District Attorney Bogus Depository – accounts for the collection of bogus checks and district attorney fees to be disbursed to the merchant as restricted by state statutes. A voucher is used to transfers fees to the District Attorney Bogus Check Fee official depository account.

District Attorney Bogus Check Fee – accounts for the District Attorney’s fees assessed for bogus checks.

District Attorney Corps Account – accounts for reimbursements from the state supervision of probation for defendants and is used for the maintenance and operation of the District Attorney’s office.

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

District Attorney VOCA – accounts for funds received from the District Attorneys Council and is used for the salary of the victims’ witness advocate and supplies to operate the program.

District Attorney Restitution and Diversion Fee Account – accounts for fees collected from defendants for restitution payments.

District Attorney Restitution and Diversion Restitution – accounts for payments and fees from defendants to be remitted to victims per court orders. Disbursements are for remittance to victims and transfer of fees to the District Attorney Restitution and Diversion Fee Account in the official depository.

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

Solid Waste – accounts for collection for dumping fees collected at sites and is transferred to the solid waste cash fund.

Trust Deposit – accounts for the overpayments of ad valorem taxes, collection of motor vehicle stamps, and the collection of pre-paid mobile home taxes.

Detailed Notes on Funds and Account Balances (continued)

Trust Interest 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.

Trust Interest Protest Tax – accounts for tax collections that have been paid under protest by the taxpayer. These funds will be held in trust until the court case has been settled.

County Treasurer Fee - accounts for miscellaneous collections held in trust for disbursement.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2002, was approximately \$167,380,492.

The County levied 10.00 mills (the legal maximum) for the general fund operations, 2.50 mills for the county health department, 4.00 mills for the multi-county library, and 3.00 mills for the emergency medical service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although, they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2003, were approximately 93.64 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% 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.

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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5.     Sales Tax

The voters of LeFlore County approved a ½% sales tax effective February 1993. This sales tax is permanent. The sales tax was established to provide revenue for solid waste purposes only.

**Schedule of Expenditures of Federal Awards**

**LeFLORE COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

<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 AGRICULTURE</u>			
Passed Through Oklahoma State Treasurer:			
Schools and Roads	10.665		\$ 758,864
Total U.S. Department of Agriculture			<u>758,864</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer:			
Payment in Lieu of Taxes-Flood Control	12.112		26,507
Total U.S. Department of Defense			<u>26,507</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through State Department of Commerce:			
Community Development Block Grant	14.228	9641CDBG00	303,185
Total U.S. Department of Housing and Urban Development			<u>303,185</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payment in Lieu of Taxes	15.226		88,616
Total U.S. Department of Interior			<u>88,616</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Local Law Enforcement Block Grant	16.592	2002 LBBX 0358	16,411
Local Law Enforcement Block Grant	16.592	2001 LBBX 2262	300
Total U.S. Department of Justice			<u>16,711</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through State Department of Indian Affairs:			
Highway Planning and Construction	20.205	CM GOO 1145 99	21,876
Total U.S. Department of Transportation			<u>21,876</u>

continued on next page

**LeFLORE COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

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continued from previous page

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT</u>			
Passed Through State Department of Civil Emergency Management:			
Hazard Mitigation	83.548		4,067
Emergency Management Performance Grant	83.552		<u>10,073</u>
Total U.S. Department of Federal Emergency Management			<u>14,140</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$1,229,899</u></u>

**LeFLORE COUNTY, OKLAHOMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of LeFlore 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  
LeFLORE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of LeFlore County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 23, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LeFlore 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2003-4.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LeFlore 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 2003-1, 2003-2, and 2003-3.

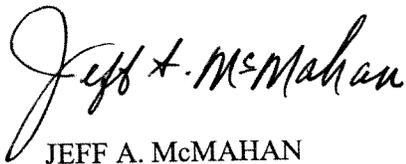
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-1 to be a material weakness.

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

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

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

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

August 23, 2004

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**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  
LeFLORE COUNTY, OKLAHOMA

Compliance

We have audited the compliance of LeFlore County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

August 23, 2004

**Schedule of Findings and Questioned Costs**

**LeFLORE COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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**SECTION 1 - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

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>
10.665	Schools and Roads
14.228	Community Development Block Grant

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

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

**Finding 2003-1 - Segregation of Duties**

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

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

**Finding 2003-2 - Written Disaster Recovery Plan**

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

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

**LeFLORE COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

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

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

Management's Response: Each office will work to implement a formal Disaster Recovery Plan.

**Finding 2003-3 – Written Policies and Procedures**

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

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

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

Management's Response: The County officials will work to prepare and implement policies and procedures for the information systems.

**Finding 2003-4 – Financial Statements**

Criteria: For counties who have adopted the County Budget Act per Title 19 O.S. 2001, § 1403 and Title 19 O.S. 2001, § 1405 states, "The accounting records of each county shall be established and maintained and financial statements prepared therefore in conformity with generally accepted accounting principles promulgated from time to time by authoritative bodies of the United States..."

Condition: The County has adopted the County Budget Act, however, does not prepare financial statements in conformity with generally accepted accounting principles as provided by that Act.

Recommendation: We recommend the County prepare financial statements in conformity with generally accepted accounting principles as required by counties who have adopted the County Budget Act.

Management's Response: Management is aware of this situation, however, due to financial situations we are unable to comply with this statute at this time. We are currently in the process of correcting this situation to comply with state statutes.

**LeFLORE COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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

No matters were reported.

**Statistical Data  
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
AES Shady Point	\$ 16,377,985	9.79%
Oklahoma Alltel Inc.	6,660,969	3.98%
OG&E	5,388,481	3.22%
Reliant Energy Gas Trans	3,367,202	2.01%
OK Industries	3,261,391	1.95%
Kansas City Southern RR	3,222,842	1.92%
Southwestern Bell	2,318,128	1.39%
Wal-Mart	1,598,181	0.96%
Bremner Inc.	1,517,552	0.90%
Arkansas Oklahoma Gas Corp.	1,512,868	0.90%
Total	<u>\$ 45,225,599</u>	<u>27.02%</u>

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

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

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Total net assessed value as of January 1, 2002		<u>\$ 167,380,492</u>
Debt limit - 5% of total assessed value		8,369,025
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 8,369,025</u>

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

	2003
Estimated population	48,109
Net assessed value as of January 1, 2002	\$ 167,380,492
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	\$ -

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

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/02	\$42,212,592	\$27,082,284	\$109,681,851	\$11,596,235	\$167,380,492	\$1,503,959,863