

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

May 17, 2005

TO THE CITIZENS OF
LOVE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Love County, Oklahoma, for the fiscal year ended June 30, 2004. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahan". The signature is stylized with large, flowing loops.

JEFF A. McMAHAN
State Auditor and Inspector

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

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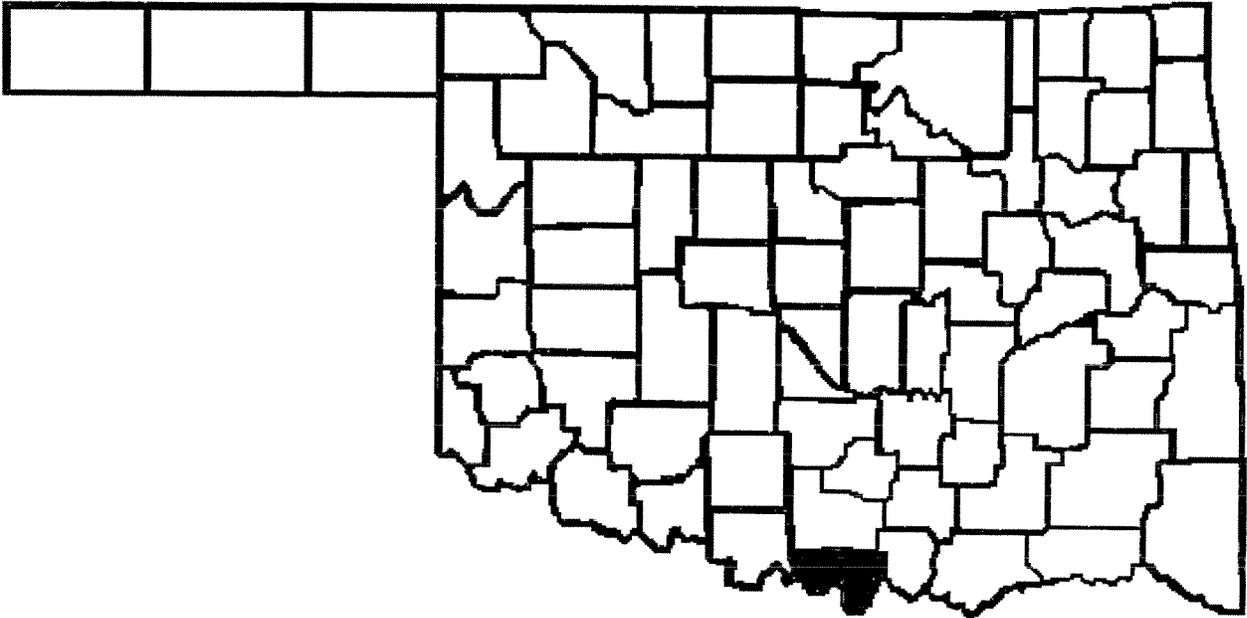
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**LOVE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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REPORT TO THE CITIZENS
OF
LOVE COUNTY, OKLAHOMA



Originally a part of Pickens County, Chickasaw Nation, Love County was named in honor of Overton Love, a prominent judge of the Chickasaws and landowner after the Civil War.

The county seat, according to some, was named Marietta by its postmaster, Jerry C. Washington, for his wife Mary, and her sister, Etta. Others contend the town was named for Marietta, Pennsylvania. The County Courthouse, built in 1910, was the first courthouse built in Oklahoma after statehood.

Marietta is served by I-35, S.H. 32, S.H. 76, and the Santa Fe Railroad. Industries include Murray Biscuit Co, LLC, Marietta Sportswear, Robertson Hams, Rapistan Systems, Earth Energy Systems, and the Joe Brown Company. ChevronTexaco and Cimarron Transmission manufacture propane, butane, and natural gas. The *Marietta Monitor*, a weekly newspaper, has been owned and operated by the same family since 1896.

Several famous horse ranches and cattle ranches are located in the county. The largest early-day ranch was operated by William E. Washington. Agricultural products include pecans, grains, hay, peanuts, and watermelons, while sheep and hogs are also raised.

Love County annually celebrates Frontier Days on the first Friday and Saturday of June. For more information, call the county clerk's office at 580/276-3059.

County Seat – Marietta

Area – 515.4 Square Miles

County Population - 8,831 (2000 est.)

Farms – 629

Land in Farms – 266,175 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**LOVE COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR

Cathy Carlile
(D) Marietta

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

Dora Jackson
(D) Marietta

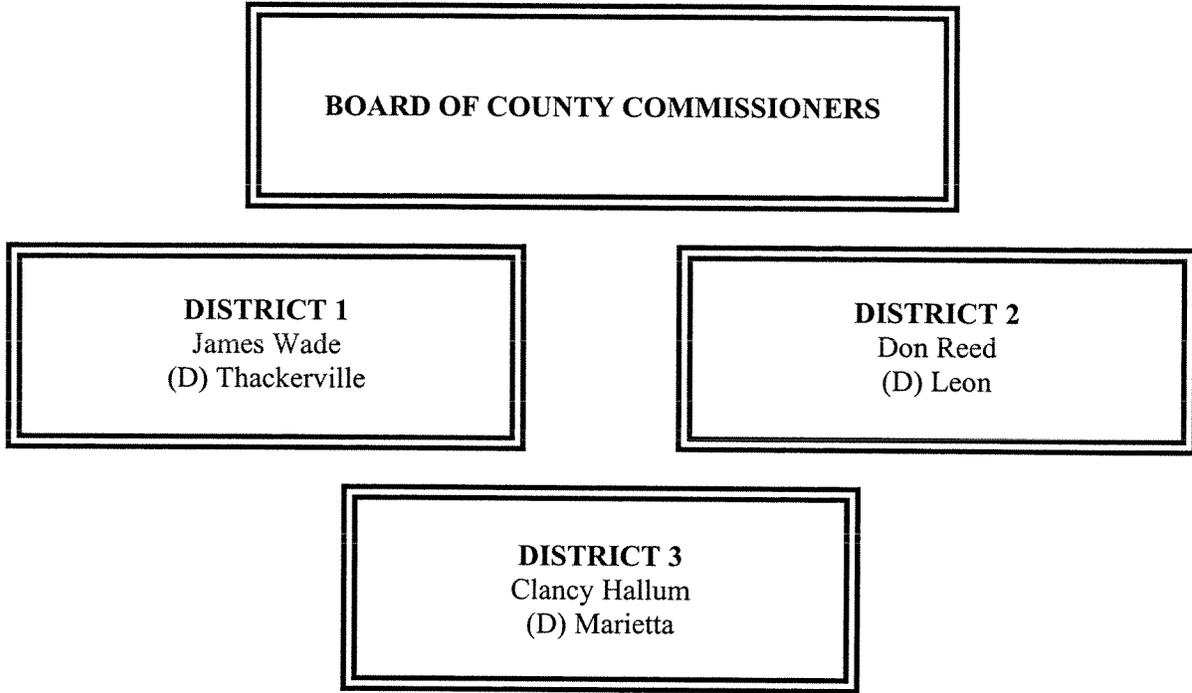
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**LOVE 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.

**LOVE COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Joe Russell
(D) Leon

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

Langdon D. Spivey
(D) Ringling

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.

**LOVE COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Kim Jackson
(D) Ringling

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
Mitch Sperry
(D) Ardmore

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.

**LOVE COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Cleat M. Willis
(D) Marietta

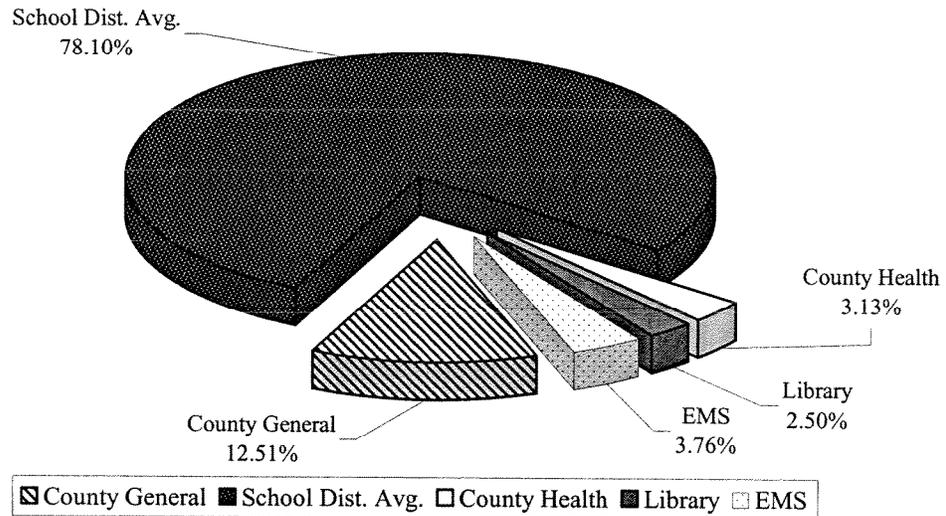
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**LOVE 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.	Skp.	Tech Cntr.	Common	Total
Co. General	10.00								
County Health	2.50	Greenville	D-3	35.00	5.00		10.00	4.00	54.00
County Library	2.00	Thackerville	I-4	35.00	5.00	5.14	10.00	4.00	59.14
County Ambulance	3.00	Turner	I-5	35.00	5.00	20.80		4.00	64.80
		Marietta	I-16	35.00	5.00	27.68	10.00	4.00	81.68
		Ringling	JI-14	35.00	5.00		10.00	4.00	54.00
		Lone Grove	JI-32	35.00	5.00	7.92	10.00	4.00	61.92
		Wilson	JI-43	35.00	5.00	7.30	10.00	4.00	61.30

See independent auditor's report.

Financial Section



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
LOVE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Love County, Oklahoma, as of and for the year ended June 30, 2004, as listed in the table of contents. These special-purpose financial statements are the responsibility of Love County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Love 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 Love 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 Love County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2005, on our consideration of Love County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

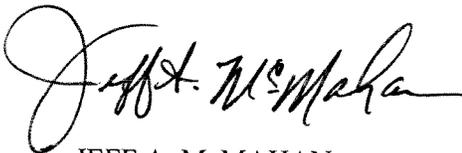
Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements of Love County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial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

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

February 17, 2005

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2004
General Fund	\$ 178,999	\$ 595,763	\$ 554,647	\$ 220,115
Sales Tax Revolving	301,794	327,879	361,618	268,055
County Health	116,942	85,957	82,354	120,545
Sheriff's COPS Grant	1,386			1,386
BDF Sheriff Drug Fund	1,917	2,910	2,237	2,590
Sheriff Service Fee	23,998	91,136	99,768	15,366
Sheriff's DOC Reimbursement	5,231	11,364	12,828	3,767
Sheriff Law Enforcement	1,800			1,800
Sheriff Computer Grant	8			8
Sheriff Stray Animal Fund	1,081	953	1,065	969
Treasurer Mortgage Certification Fee	3,130	2,620	480	5,270
Child Abuse	200			200
Resale Property	44,729	197,367	181,005	61,091
Election Board Cash Fund	4	4,000	4,000	4
County Clerk Lien Fee	4,035	5,856	6,391	3,500
Grant/Sanders Center	2,460		2,143	317
Assessor Revolving	2,220	3,487	4,832	875
Courthouse Insurance	4,520			4,520
Love County Health Center Remittance	133,673	62,223	26,693	169,203
Law Library	3,058	16,912	2,191	17,779
Protest Tax	89,204	224	89,428	
Chickasaw Library Remittance	1,495	66,409	66,909	995
Cities and Towns	3,779	61,413	60,511	4,681
Refund Account	86	4,325	151	4,260
County General Remittance	31,548	356,673	360,203	28,018
Emergency Medical Service Remittance	1,347	99,613	100,363	597
Schools	33,778	2,305,262	2,322,514	16,526
T-Highway	1,740,518	1,430,792	1,429,744	1,741,566
Individual Redemption	9,230	25,309	25,258	9,281
Ran Cemetery	320			320
Official Depository	217,730	3,453,993	3,410,774	260,949
County Clerk F.M.R.P.	30,088	19,067	13,368	35,787
Sanders Center Donation	159	75	191	43
Use Tax	39,677	28,758	3,725	64,710
REAP Grant 02-0061	187		187	
REAP Grant 02-0050		6,134	6,134	
REAP Grant 02-0051		1,200	1,200	

continued on next page

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

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

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2004
REAP Grant 02-0135		50,000	40,982	9,018
REAP Grant 03-0266		3,546	3,546	
REAP Grant 03-0268		5,005	5,005	
REAP Grant 03-0077	290	13,910	14,200	
REAP Grant 03-0079		5,434	5,434	
REAP Grant 03-0076		41,512		41,512
10771 CDBG 02		24,807	24,663	144
Hazard Mitigation Planning		14,000	14,000	
Senior Citizens Grant	100,000		3,792	96,208
County Clerk/Court Clerk	150			150
Total County Funds	\$ 3,130,771	\$ 9,425,888	\$ 9,344,534	\$ 3,212,125

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

LOVE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 178,999	\$ 178,999	\$ 178,999	\$ -
Less: Prior Year Outstanding Warrants	(40,965)	(40,965)	(40,965)	
Less: Prior Year Encumbrances	(4,631)	(4,631)	(4,333)	298
Beginning Cash Balances, Budgetary Basis	<u>133,403</u>	<u>133,403</u>	<u>133,701</u>	<u>298</u>
Receipts:				
Ad Valorem Taxes	303,736	303,736	331,931	28,195
Charges for Services	51,615	51,615	56,589	4,974
Intergovernmental Revenues	80,199	80,199	127,462	47,263
Miscellaneous Revenues	15,000	15,118	79,781	64,663
Total Receipts, Budgetary Basis	<u>450,550</u>	<u>450,668</u>	<u>595,763</u>	<u>145,095</u>
Expenditures:				
District Attorney	7,500	8,000	7,627	373
Total District Attorney	<u>7,500</u>	<u>8,000</u>	<u>7,627</u>	<u>373</u>
County Sheriff	193,447	194,447	194,076	371
Capital Outlay	1,000			
Total County Sheriff	<u>194,447</u>	<u>194,447</u>	<u>194,076</u>	<u>371</u>
County Treasurer	39,716	39,716	39,545	171
Total County Treasurer	<u>39,716</u>	<u>39,716</u>	<u>39,545</u>	<u>171</u>
County Commissioners	2,400	2,400	2,400	
Total County Commissioners	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
OSU Extension	75	75		75
Capital Outlay	25	25		25
Total OSU Extension	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
County Clerk	65,499	65,499	65,499	
Total County Clerk	<u>65,499</u>	<u>65,499</u>	<u>65,499</u>	<u>-</u>
Court Clerk	31,052	31,052	29,471	1,581
Total Court Clerk	<u>31,052</u>	<u>31,052</u>	<u>29,471</u>	<u>1,581</u>
County Assessor	39,716	39,716	39,716	
Total County Assessor	<u>39,716</u>	<u>39,716</u>	<u>39,716</u>	<u>-</u>

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

LOVE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	54,802	54,802	53,145	1,657
Capital Outlay	2,100	2,100	1,897	203
Total Revaluation of Real Property	<u>56,902</u>	<u>56,902</u>	<u>55,042</u>	<u>1,860</u>
General Government	79,030	79,030	66,279	12,751
Capital Outlay	4,364	3,864		3,864
Total General Government	<u>83,394</u>	<u>82,894</u>	<u>66,279</u>	<u>16,615</u>
Excise-Equalization Board	4,000	4,000	1,950	2,050
Total Excise-Equalization Board	<u>4,000</u>	<u>4,000</u>	<u>1,950</u>	<u>2,050</u>
County Election Board	40,081	40,199	37,010	3,189
Capital Outlay	5	5		5
Total County Election Board	<u>40,086</u>	<u>40,204</u>	<u>37,010</u>	<u>3,194</u>
Insurance-Benefits	9,000	9,000	3,795	5,205
Total Insurance-Benefits	<u>9,000</u>	<u>9,000</u>	<u>3,795</u>	<u>5,205</u>
County Audit Budget Account	3,341	3,341		3,341
Total County Audit Budget Account	<u>3,341</u>	<u>3,341</u>	<u>-</u>	<u>3,341</u>
Free Fair Budget	2,500	2,500	2,433	67
Total Free Fair Budget	<u>2,500</u>	<u>2,500</u>	<u>2,433</u>	<u>67</u>
Charity	500	500	178	322
Total Charity	<u>500</u>	<u>500</u>	<u>178</u>	<u>322</u>
Civil Defense	3,000	3,000	3,000	
Total Civil Defense	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Provision for Interest on Warrants	800	800		800
Total Expenditures, Budgetary Basis	<u>583,953</u>	<u>584,071</u>	<u>548,021</u>	<u>36,050</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	181,443	<u>\$ 181,443</u>

continued on next page

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

**LOVE COUNTY, OKLAHOMA
 COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
 AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			5,378	
Add: Current Year Outstanding Warrants			33,294	
Ending Cash Balance			\$ 220,115	

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

**LOVE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
COUNTY HEALTH DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 116,942	\$ 116,942	\$ 116,942	\$ -
Less: Prior Year Outstanding Warrants	(1,172)	(1,172)	(1,172)	
Less: Prior Year Encumbrances	(3,323)	(3,323)	(3,032)	291
Beginning Cash Balances, Budgetary Basis	<u>112,447</u>	<u>112,447</u>	<u>112,738</u>	<u>291</u>
Receipts:				
Ad Valorem Taxes	77,753	77,753	82,983	5,230
Charges for Services		3,196	2,974	(222)
Total Receipts, Budgetary Basis	<u>77,753</u>	<u>80,949</u>	<u>85,957</u>	<u>5,008</u>
Expenditures:				
Health and Welfare	103,000	106,196	79,511	26,685
Capital Outlay	87,200	87,200	9,057	78,143
Total Expenditures, Budgetary Basis	<u>190,200</u>	<u>193,396</u>	<u>88,568</u>	<u>104,828</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	110,127	<u>\$ 110,127</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			5,227	
Add: Current Year Outstanding Warrants			5,191	
Ending Cash Balance			<u>\$ 120,545</u>	

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

**LOVE COUNTY, OKLAHOMA
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
Assessor Account	\$	\$ 3,487	\$ 3,487	\$	\$
Election Board	682	14,983	11,736	557	4,486
County Clerk Fees	9,210	108,739	110,299		7,650
County Clerk IRS Account		235,706	235,706		
Assistant District Attorney E.C.D.S.	6,500	10,502	17,082	80	
Assistant District Attorney Revolving Fund	280	1,459	1,693		46
State Witness Fee Account	102				102
District Attorney Restitution	4,896	17,529	24,370	1,979	34
District Attorney Supervision		1,953	1,160	240	1,033
County Sheriff Fees	5	17,589	17,594		
County Sheriff DOC		5,952	5,952		
County Sheriff Bond	40	56,474	56,473		41
Court Clerk Fees	60,594	802,168	859,653	94,655	97,764
Court Fund	61,504	404,272	360,330	1,785	107,231
Court Clerk Assessment/Collection	8,931				8,931
C-86-98 Court Clerk Fees	561	1,360			1,921
CCK-Floyd Thomas	5				5
Court Clerk Revolving Fund	7,758	10,744	3,925		14,577
Encumbered Account for PC	37				37
Imaging Encumbrance	11,262	48	6,961		4,349
County Treasurer TD	45,335	212,309	245,690	760	12,714
County Health Department		4,576	4,576		
County Sheriff UF	28				28
Love County Health Center Fees		1,544,143	1,544,143		
Total Official Depository Accounts	<u>\$ 217,730</u>	<u>\$ 3,453,993</u>	<u>\$ 3,510,830</u>	<u>\$ 100,056</u>	<u>\$ 260,949</u>

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Love 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.

Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2004.

F. Risk Management

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

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

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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

G. Compensated Absences

All full-time employees shall be entitled to vacation leave that is accrued on a monthly basis in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Vacation Leave</u>
01-10 years	10 days
10-20 years	15 days

A full-time employee shall be entitled to five working vacation days at the completion of six-months continuous employment.

Vacation leave shall not be accumulated, but must be taken within the year allowed.

Summary of Significant Accounting Policies (continued)

All full-time employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of one day for each calendar month of service to the County. Sick leave 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 Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$3,212,125 and the bank balance was \$3,277,972. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

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

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

B. Description of Funds

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

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

Detailed Notes on Funds and Account Balances (continued)

Sales Tax Revolving – accounts for the collection of sales tax revenue to be allocated in accordance with the sales tax resolution.

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

Sheriff's COPS Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

BDF Sheriff Drug Fund – accounts for the collection of the County Sheriff's percentage of drug forfeitures.

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

Sheriff's DOC Reimbursement – accounts for monies received from the State Department of Corrections for housing prisoners.

Sheriff Law Enforcement – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff Computer Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff Stray Animal Fund – accounts for the proceeds of selling cattle found and unclaimed. Disbursements are made to pay for the sale of cattle with excess funds being transferred to the general fund.

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and disbursements as restricted by statutes.

Child Abuse – accounts for monies received from jurors to aid in the prevention of child abuse.

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

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

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by statutes.

Grant/Sanders Center – accounts for grant monies received and disbursed as restricted by the grant agreement.

Detailed Notes on Funds and Account Balances (continued)

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

Courthouse Insurance – accounts for insurance money collected on behalf of the County and disbursed as restricted by state statute.

Love County Health Center Remittance – accounts for monies collected from the state and county sales tax revenue and disbursed for the operation of the Love County Health Center.

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

Protest Tax – accounts for ad valorem taxes collected in protest.

Chickasaw Library Remittance – accounts for tax levy collections and remitted to them monthly.

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

Refund Account – accounts for overpayments made in the Treasurer's office and disbursements are refunds issued by cash vouchers.

County General Remittance – accounts for monies collected from sales tax for the EMS and LCHC and remitted to them monthly.

Emergency Medical Service Remittance – accounts for monies collected on behalf of the Emergency Medical Service in Love County from ad valorem taxes, charges for services, and grant monies, and remitted to them monthly.

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

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

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

Ran Cemetery – accounts for monies invested by the County on behalf of Ran Cemetery.

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

Detailed Notes on Funds and Account Balances (continued)

County Clerk F.M.R.P. – accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

Sanders Center Donation – accounts for donations for the Sanders Center.

Use Tax – accounts for Use Tax remitted to the County by the Oklahoma Tax Commission and disbursements for the general operation of the County.

REAP Grant 02-0061 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 02-0050 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 02-0051 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 02-0135 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 03-0266 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 03-0268 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 03-0077 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 03-0079 – accounts for grant monies received and disbursed as restricted by the grant agreement.

REAP Grant 03-0076 – accounts for grant monies received and disbursed as restricted by the grant agreement.

10771 CDBG 02 - accounts for grant monies received and disbursed as restricted by the grant agreement.

Hazard Mitigation Planning - accounts for grant monies received and disbursed as restricted by the grant agreement.

Senior Citizens Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Detailed Notes on Funds and Account Balances (continued)

County Clerk/Court Clerk – accounts for monies held in the County Clerk and Court Clerk’s office used for daily operations.

The following narrative details the official depository accounts.

Assessor Account – accounts for all collections 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 elections and is disbursed for refunds or election fees and maintenance and operation of the office.

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

County Clerk IRS Account – accounts for monies received from the IRS for filing fees and disbursed to the general fund.

Assistant District Attorney E.C.D.S. - accounts for the collections from asset forfeitures and disbursement of funds are by court order and state statutes.

Assistance District Attorney Revolving Fund – accounts for the collections from asset forfeitures and disbursement of funds are by court order and state statute.

State Witness Fee Account - accounts for monies received from the state to reimburse the County for witness expenses.

District Attorney Restitution – accounts for collections received by court orders to reimburse victims.

District Attorney Supervision – accounts for collections from offenders that are ordered by the court to the community-sentencing program. Disbursements of funds are for payroll and the operation of the community-sentencing program.

County Sheriff Fees - accounts for all collections of foreign service fees. Monies are disbursed at the end of the month to the Sheriff’s service fee account.

County Sheriff DOC – accounts for monies received for housing Department of Corrections inmates and disbursed to the Sheriff DOC Reimbursement account.

County Sheriff Bond – accounts for the collection of cash bonds and disbursed by court order.

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

Detailed Notes on Funds and Account Balances (continued)

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.

Court Clerk Assessment/Collection – accounts for the collection of fees that were assessed and ordered to be held out of fine.

C-86-98 Court Clerk Fees – accounts for monies unclaimed from pending civil cases and disbursed to unclaimed property.

CCK-Floyd Thomas – accounts for monies unclaimed from pending civil cases and disbursed to unclaimed property.

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

Encumbered Account for PC – accounts for monies received from the court fund to be used for computer equipment.

Imaging Encumbrance – accounts for monies received from the court fund to be used for computer equipment.

County Treasurer TD – accounts for miscellaneous collections held in trust for disbursement.

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

County Sheriff UF – accounts for monies received from the sale of forfeited property and disbursed for law enforcement training and uniforms.

Love County Health Center Fees – accounts for the collection for fees and transferred to the Love County Health Center cash account each month.

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."

Detailed Notes on Funds and Account Balances (continued)

The assessed property value as of January 1, 2003, was approximately \$33,410,973.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for the county health department, 2.00 mills for the county library, and 3.00 mills for the emergency medical service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2004, were approximately 93 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

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

Detailed Notes on Funds and Account Balances (continued)

F. Sales Tax

The voters of Love County approved a one percent (1%) sales tax for a period of five years, which began April 1, 1998. The prior sales tax (1%) expired April 1, 2003. The voters of Love County re-approved the assessment of a one percent (1%) sales tax to begin April 1, 2003, and continue for a period of five years. The sales tax was established to provide revenue for the following: 50% for maintenance and operation of County owned property and operating expenses; 5% for ambulance service; 5% for County senior citizens centers; 10% for County fire protection; 5% for County OSU Extension Office; 5% for the County Assessor; 5% for the County Clerk; 5% for the County Treasurer; 5% for the County Sheriff; and 5% for the County Court Clerk.

The voters of Love County approved a one percent (1%) sales tax for a period of five years, which began April 1, 1999. In a special election held on February 24, 2004, the voters of Love County re-approved the assessment of a one (1%) sales tax to begin April 1, 2004, and continue for a period of ten years. Proceeds of the tax are to be used for the equipping, maintaining, and operating of the Love County Health Center.

G. 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

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.

Internal Control and Compliance Section



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
LOVE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Love County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated February 17, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Love County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described in the accompanying schedule of findings as item 2004-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2004-1 to be a material weakness.

Compliance and Other Matters

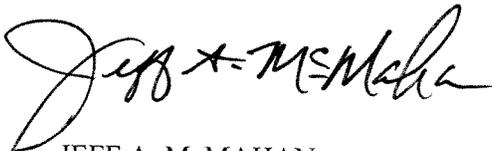
As part of obtaining reasonable assurance about whether Love County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we reported to management of Love County and is included in Section 2 of the schedule of findings, contained within this report.

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

February 17, 2005

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

Finding 2004-1 - Segregation of Duties (Repeat Finding)

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

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

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

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

SECTION 2 - Other Findings - This section contains findings not required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2004-2 - General Fixed Assets (Repeat Finding)

Criteria: Title 19 O.S. 2001, § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Two Hundred Fifty Dollars (\$250.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...."

Condition: All offices do not perform a biennial verification of the fixed assets inventory.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

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

Management's Response: All officers will work together to compile a complete listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.

**Statistical Section
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Southwestern Bell Telephone	\$ 2,443,756	7.31%
Burlington Northern	931,061	2.79%
Natural Gas Pipeline	774,381	2.32%
Keebler Co./Pres. Baking/Bake-Line	610,255	1.83%
Spectrum Field Services	522,078	1.56%
OG&E	512,643	1.53%
Rapistan Demag/Siemens Dematic	397,976	1.19%
Falconhead Development Corp	389,011	1.16%
Polo Ranch of Oklahoma	373,901	1.12%
Oklahoma RSA	343,430	1.03%
Total	<u>\$ 7,298,492</u>	<u>21.84%</u>

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

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

Total net assessed value as of January 1, 2003		<u>\$ 33,410,973</u>
Debt limit - 5% of total assessed value		1,670,549
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 1,670,549</u>

LOVE COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)

	2004
Estimated population	8,831
Net assessed value as of January 1, 2003	\$ 33,410,973
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	\$ -

**LOVE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2003	\$5,911,278	\$6,625,932	\$23,214,402	\$2,340,639	\$33,410,973	\$271,711,514