

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

August 27, 2003

TO THE CITIZENS OF  
McCURTAIN COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

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

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

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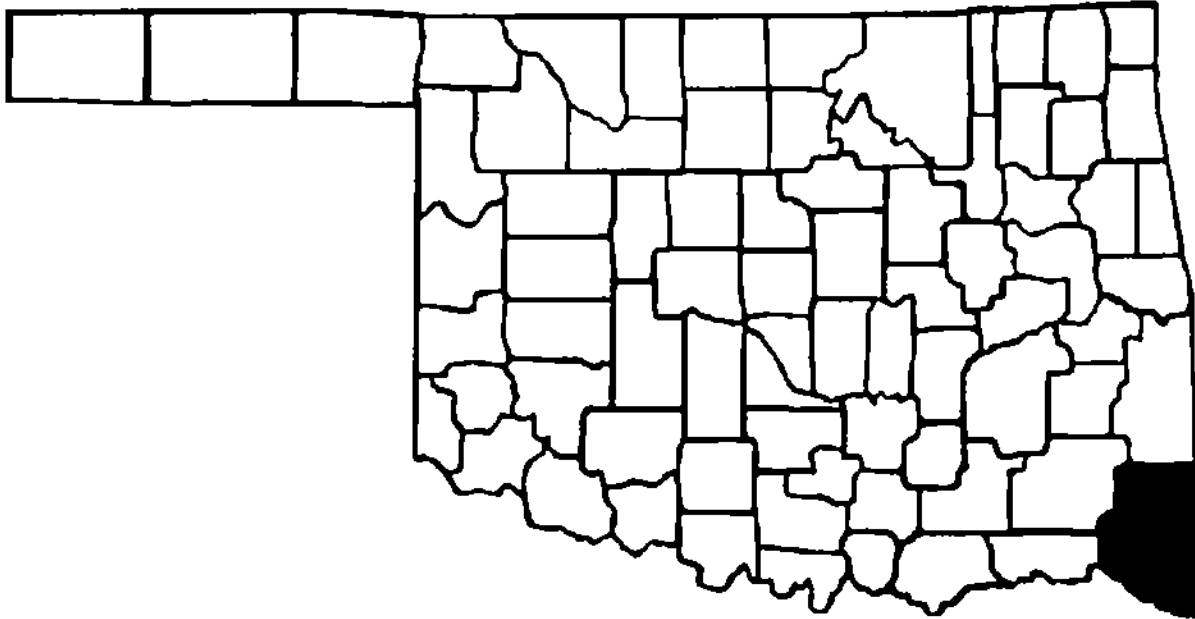
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**REPORT TO THE CITIZENS  
OF  
McCURTAIN COUNTY, OKLAHOMA**

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The topography of McCurtain County, in the southeastern corner of Oklahoma, varies from the rugged foothills of the Ouachita Mountains in the north to the fertile coastal plain in the south. The county has a unique heritage ranging from the Caddoan mound builders to the first white settlements in the early 19<sup>th</sup> century, including 75 years of Choctaw sovereignty, and finally statehood.

The county name is that of a prominent Choctaw family, several of whose members served as chiefs. The Choctaw period left such historic sites as the Wheelock Mission Church and Academy. The Dierks family developed large holdings beginning before the turn of the century, and sold the land to Weyerhaeuser Company in 1969.

Weyerhaeuser is the largest employer and has a paper mill in Valliant and a sawmill in Wright City. Other major employers are Tyson Foods, Inc., a poultry processing plant; Georgia-Pacific, a saw mill; SECTO, a company that builds solid tires for heavy equipment and ships worldwide; and Hagle Industries, a garment manufacturing plant. Tourism is also a major industry with Beavers Bend State Park Resort, Museum of the Red River, hunting, fishing, and historic sites. For more information, call the county clerk's office at (580) 286-2370.

County Seat – Idabel

Area – 1852.4 Square Miles

County Population – 34,795  
(1999 est.)

Farms – 1,573

Land in Farms – 327,524 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Tom Porton  
(D) Idabel

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**  
Karen Conaway  
(D) Idabel

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

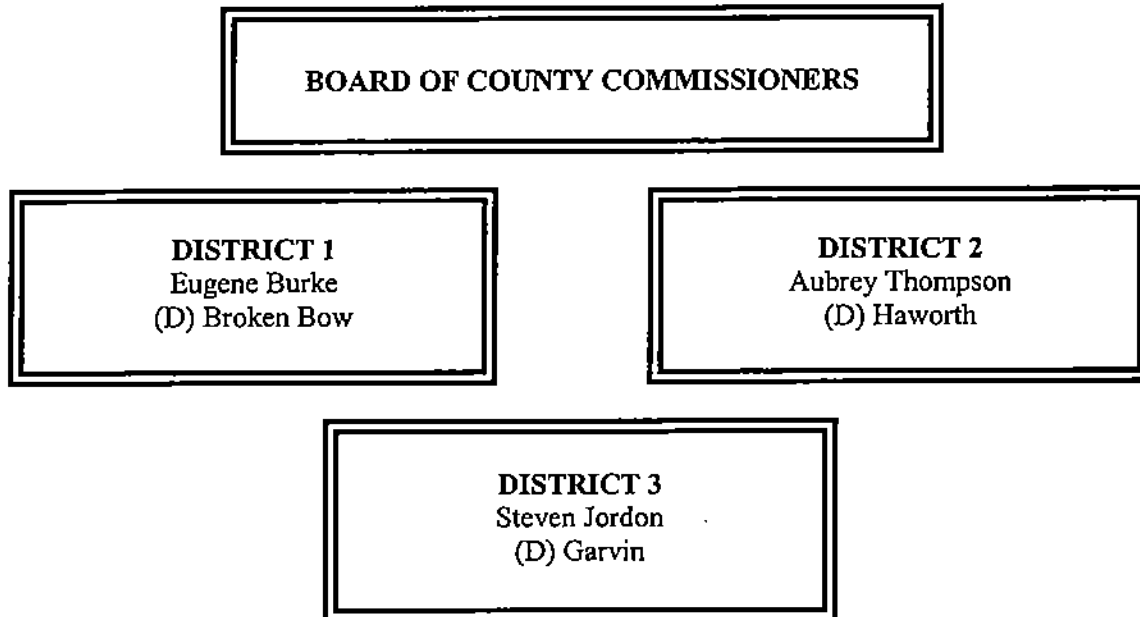
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Mike Willeby  
(D) Haworth

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**  
Jo Ann Strawn  
(D) Idabel

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

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

See independent auditor's report.



**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Vicki Justus Garrett  
(D) Idabel

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**  
Walter Hamilton  
(D) Idabel

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

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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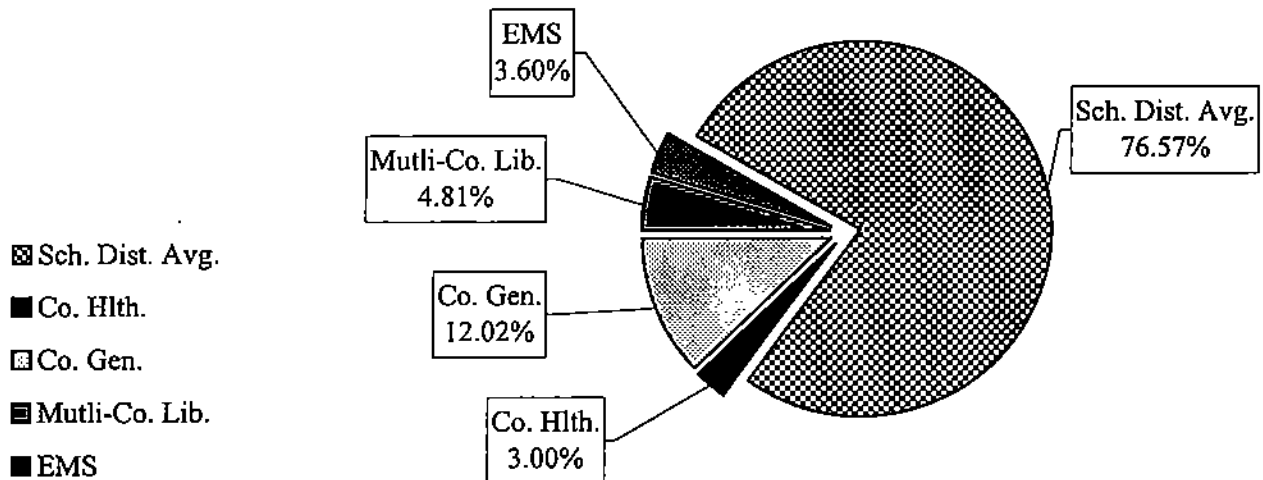
**ELECTION BOARD SECRETARY**  
Glynda Davis  
(D) Idabel

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

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

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

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Vo-Tech	Common	Total
Co. General	10.00	Forest Grove	C-1	35.00	5.00		12.00	4.00	56.00
County Health	2.50	Idabel	I-5	35.00	5.00	13.71	12.00	4.00	69.71
EMS	3.00	Haworth	I-6	35.00	5.00	18.07	12.00	4.00	74.07
Multi-Co. Library	4.00	Lukfata	C-9	35.00	5.00	10.77	12.00	4.00	66.77
		Valliant	I-11	35.00	5.00		12.00	4.00	56.00
		Eagletown	I-13	35.00	5.00	13.23	12.00	4.00	69.23
		Smithville	I-14	35.00	5.00	10.38	12.00	4.00	66.38
		Glover	C-23	35.00	5.00	14.17	12.00	4.00	70.17
		Tom	C-24	35.00	5.00		12.00	4.00	56.00
		Denson	C-37	35.00	5.00	8.32	12.00	4.00	64.32
		Wright City	I-39	35.00	5.00		12.00	4.00	56.00
		Watson	C-56	35.00	5.00	16.64	12.00	4.00	72.64
		Battiest	I-71	35.00	5.00		12.00	4.00	56.00
		Holly Creek	I-72	35.00	5.00	12.17	12.00	4.00	68.17
		Broken Bow	I-74	35.00	5.00	12.52	12.00	4.00	68.52

See independent auditor's report.

## **Independent Auditor's Report**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
McCURTAIN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of McCurtain County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These special-purpose financial statements are the responsibility of McCurtain 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 McCurtain 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 McCurtain 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 McCurtain County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2003, on our consideration of McCurtain 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.

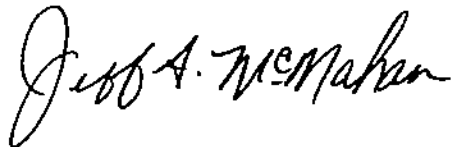
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of McCurtain County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits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

July 14, 2003

**Special-Purpose Financial Statements**

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

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2002
County General Fund	\$ 559,710	\$ 1,971,969	\$ 2,015,430	\$ 516,249
Highway Cash	208,160	5,997,090	5,663,797	541,453
County Health Department	136,492	436,613	387,841	185,264
Resale Property	266,195	74,551	89,502	251,244
Treasurer Mortgage Tax				
Certification Fee	13,731	9,850	2,550	21,031
County Clerk Lien Fee	5,493	5,010	6,583	3,920
Assessor Revolving	672	1,716	1,365	1,023
Assessor Visual Inspection	6,158			6,158
Sheriff Service Fee	33,268	327,324	326,328	34,264
Pine Creek Patrol	11,109	21,799	16,468	16,440
Mountain Fork Patrol	1,189			1,189
DARE	5,074			5,074
McCurtain County Sheriff's Office	37,398	487,086	466,268	58,216
Alternative to Detention	996			996
McCurtain County Jail Trust	221,497	976,365	1,086,929	110,933
Community Sentencing Program	7,099	6,825	9,509	4,415
McCurtain County				
Correctional Authority	4,765			4,765
Department of Corrections	97,978	158,375	151,875	104,478
Revenue Sharing	283			283
Solid Waste	928,593	1,149,567	1,286,905	791,255
K-4048 Eagletown Fire Department	6,879		6,879	
K-4049 Bethel Fire Department	8,054		8,054	
K-5048 Pine Creek Fire Department	9,380		9,380	
County Clerk Preservation Fee		33,316	7,680	25,636
K-5050 Eagletown Pavilion		8,981	8,981	
K-5051 McCurtain RWD #1		19,621	16,697	2,924
K-5046 Harris Sub		14,922	14,921	1
K-6045 Tom Senior Citizens		16,000	16,000	
K-5047 Battiest Health		15,000		15,000
Court Related Community Service	225	6,775	6,670	330
National Children Alliance		14,927		14,927
Federal Emergency Management	928,266	963,935	1,885,501	6,700
Juvenile Accountability Incentive Grant	8,855		8,669	186
Capital Improvement Fund		34,761	1,100	33,661
CDBG 9176 RWD #9		16,937	16,937	
K-5049 Redland Fire Department		13,000	12,247	753
Debt Service - County Sinking	3,922	66		3,988
Individual Redemption	10,492	65,607	67,152	8,947
Official Depository	423,608	2,972,787	3,007,697	388,698
Schools	2,120,988	15,111,238	14,854,532	2,377,694
Cities and Towns	14,964	237,768	240,230	12,502
Whitegrass	1,221	1,793		3,014

continued on next page

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



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

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2002
Law Library	\$ 9,054	\$ 31,433	\$ 24,488	\$ 15,999
EMS	1,470	389,530	389,670	1,330
County Library	2,600	519,304	519,458	2,446
DA Expense	9,621	11,014	14,572	6,063
Mobile Home Trust	11,599	21,998	21,568	12,029
Mobile Home Reserve	9,028	1,374		10,402
DA Forfeiture Fund	7,128	2,437	6,747	2,818
Pruitt Money Order	1,274	35		1,309
Tom Co-Op	3,278			3,278
VOCA	2,587	29,046	31,631	2
CSIF-DA Truancy	9,981	47,238	49,036	8,183
CECC	108			108
Smithville	58,837	3,523	133	62,227
Community Relation	1,265			1,265
City of Idabel	550	1,638	2,048	140
<b>Total County Funds</b>	<u>\$ 6,211,094</u>	<u>\$ 32,230,144</u>	<u>\$ 32,760,028</u>	<u>\$ 5,681,210</u>

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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 614,265	\$ 614,265	\$ 559,710	\$ (54,555)
Less: Prior Year Outstanding Warrants	(57,791)	(57,791)	(57,581)	210
Less: Prior Year Encumbrances	(73,263)	(73,263)	(23,696)	49,567
Beginning Cash Balances, Budgetary Basis	<u>483,211</u>	<u>483,211</u>	<u>478,433</u>	<u>(4,778)</u>
Receipts:				
Ad Valorem Taxes	1,166,246	1,166,246	1,287,714	121,468
Charges for Services	116,482	116,482	94,203	(22,279)
Intergovernmental Revenues	262,108	262,108	460,096	197,988
Miscellaneous Revenues	132,424	131,597	129,956	(1,642)
Total Receipts, Budgetary Basis	<u>1,677,260</u>	<u>1,676,434</u>	<u>1,971,969</u>	<u>295,535</u>
Expenditures:				
District Attorney	7,500	8,100	8,095	5
Total District Attorney	<u>7,500</u>	<u>8,100</u>	<u>8,095</u>	<u>5</u>
County Sheriff	190,375	196,213	196,108	105
Capital Outlay	25,000	46,033	46,008	25
Total County Sheriff	<u>215,375</u>	<u>242,246</u>	<u>242,116</u>	<u>130</u>
County Treasurer	133,529	137,397	136,280	1,117
Capital Outlay		3,086	3,078	8
Total County Treasurer	<u>133,529</u>	<u>140,483</u>	<u>139,358</u>	<u>1,125</u>
County Commissioners	222,588	225,288	215,684	9,604
Capital Outlay	2,500			
Total County Commissioners	<u>225,088</u>	<u>225,288</u>	<u>215,684</u>	<u>9,604</u>
OSU Extension	75,800	71,640	71,640	
Capital Outlay	2,500	6,660	3,236	3,424
Total OSU Extension	<u>78,300</u>	<u>78,300</u>	<u>74,876</u>	<u>3,424</u>

continued on next page

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Clerk	160,194	165,994	165,494	500
Capital Outlay	8,000	16,000	15,888	112
Total County Clerk	<u>168,194</u>	<u>181,994</u>	<u>181,382</u>	<u>612</u>
Court Clerk	101,251	103,450	102,696	754
Total Court Clerk	<u>101,251</u>	<u>103,450</u>	<u>102,696</u>	<u>754</u>
County Assessor	126,466	128,466	127,164	1,302
Total County Assessor	<u>126,466</u>	<u>128,466</u>	<u>127,164</u>	<u>1,302</u>
Revaluation of Real Property	234,612	234,612	234,029	583
Capital Outlay		20,000	18,198	1,802
Total Revaluation of Real Property	<u>234,612</u>	<u>254,612</u>	<u>252,227</u>	<u>2,385</u>
Juvenile	18,000	21,500	18,664	2,836
Total Juvenile	<u>18,000</u>	<u>21,500</u>	<u>18,664</u>	<u>2,836</u>
District Court	27,040	27,040	26,251	789
Total District Court	<u>27,040</u>	<u>27,040</u>	<u>26,251</u>	<u>789</u>
General Government	124,531	137,091	112,878	24,213
Capital Outlay	192,875	75,401	49,692	25,709
Total General Government	<u>317,406</u>	<u>212,492</u>	<u>162,570</u>	<u>49,922</u>
Excise-Equalization Board	13,600	13,600	9,920	3,680
Total Excise-Equalization Board	<u>13,600</u>	<u>13,600</u>	<u>9,920</u>	<u>3,680</u>
County Election Board	84,492	84,561	81,819	2,742
Capital Outlay	500	2,395	2,395	
Total County Election Board	<u>84,992</u>	<u>86,956</u>	<u>84,214</u>	<u>2,742</u>
Insurance Benefits	332,789	342,789	309,998	32,791
Total Insurance Benefits	<u>332,789</u>	<u>342,789</u>	<u>309,998</u>	<u>32,791</u>
Charity	6,000	6,000	4,393	1,607
Total Charity	<u>6,000</u>	<u>6,000</u>	<u>4,393</u>	<u>1,607</u>

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Civil Defense	1,500	3,942	3,837	105
Capital Outlay	1,000	3,558	2,537	1,021
Total Civil Defense	<u>2,500</u>	<u>7,500</u>	<u>6,374</u>	<u>1,126</u>
County Audit Budget	12,829	12,829	12,829	
Total County Audit Budget	<u>12,829</u>	<u>12,829</u>	<u>12,829</u>	-
County Cemetery	40,000	51,000	50,875	125
Total County Cemetery	<u>40,000</u>	<u>51,000</u>	<u>50,875</u>	<u>125</u>
Free Fair Budget	10,000	15,000	15,000	
Capital Outlay	5,000			
Total Free Fair Budget	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	-
Total Expenditures, Budgetary Basis	<u>2,160,471</u>	<u>2,159,645</u>	<u>2,044,686</u>	<u>114,959</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	405,716	<u>\$ 405,716</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			55,135	
Add: Current Year Outstanding Warrants			<u>55,398</u>	
Ending Cash Balance			<u>\$ 516,249</u>	

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

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

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 136,492	\$ 136,492	\$ 136,492	\$ -
Less: Prior Year Outstanding Warrants	(11,218)	(11,218)	(11,218)	
Less: Prior Year Encumbrances	(22,742)	(22,742)	(22,742)	
Beginning Cash Balances, Budgetary Basis	<u>102,532</u>	<u>102,532</u>	<u>102,532</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	291,561	291,561	321,931	30,370
Miscellaneous Revenues		112,002	114,682	2,680
Total Receipts, Budgetary Basis	<u>291,561</u>	<u>403,563</u>	<u>436,613</u>	<u>33,050</u>
Expenditures:				
Health and Welfare	374,093	481,648	409,359	72,289
Capital Outlay	20,000	24,447	7,319	17,128
Total Expenditures, Budgetary Basis	<u>394,093</u>	<u>506,095</u>	<u>416,678</u>	<u>89,417</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	122,467	<u>\$ 122,467</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			13,377	
Add: Current Year Outstanding Warrants			<u>49,420</u>	
Ending Cash Balance			<u>\$ 185,264</u>	

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

**McCURTAIN COUNTY, OKLAHOMA  
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

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Beginning Cash Balance	<u>\$ 3,922</u>
Receipts:	
Miscellaneous	<u>66</u>
Total Receipts	<u>66</u>
Ending Cash Balance	<u>\$ 3,988</u>

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Court Clerk #5	\$ 46,553	\$ 1,349,074	\$ 1,323,486	\$	\$ 72,141
District Court Fund #1	163,436	756,399	817,863		101,972
District Attorney #6	141,551	247,744	247,514		141,781
County Clerk #4	33	170,247	170,320	80	40
County Sheriff #16	677	25,949	22,564		4,062
County Treasurer #3	961	10,388	10,231		1,118
County Treasurer #12		8,665	1,665		7,000
County Treasurer #2	45	1,188	1,181	17	69
District Attorney #11	37,427	263	6,695		30,995
Election Board #8	937	35,589	35,556		970
Health Department #10		111,475	111,475		
County Assessor #9		1,716	1,716		
Court Clerk #13	20,645	21,719	19,084		23,280
County Sheriff #15	6,380	202,225	207,908	942	1,639
County Sheriff #17	671	90	850	500	411
County Sheriff #18	3,112		1,400		1,712
County Sheriff #19	1,144	22,303	22,524	39	962
District Attorney #7	36	6,175	5,665		546
<b>Total Official Depository Accounts</b>	<b>\$ 423,608</b>	<b>\$ 2,971,209</b>	<b>\$ 3,007,697</b>	<b>\$ 1,578</b>	<b>\$ 388,698</b>

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

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

E. Cash and Investments

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

F. Risk Management

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

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

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

Summary of Significant Accounting Policies (continued)

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

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

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

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

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Employees receive 10 days of annual leave per year and may accumulate up to 5 days. Employees also earn 10 days of sick leave per year and may accumulate up to 60 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$5,681,210 and the bank balance was \$5,800,848. 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. § 348.3 authorizes the County Treasurer to invest in:

- U. S. government obligations
- Certificates of deposit
- Saving 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.

Detailed Notes on Account Balances (continued)

B. Description of Funds

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

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

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

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

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

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

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

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

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

Pine Creek Patrol - accounts for monies received from the Corps of Engineers for patrolling services.

Mountain Fork Patrol - accounts for monies received from the Corps of Engineers for patrolling services.

DARE - accounts for excess match funds remaining from the Drug Awareness Resistance Education Grant.

McCurtain County Sheriff's Office - accounts for sales tax monies received for the operation of the McCurtain County Sheriff's Office.

Alternative to Detention - accounts for the state contract funds for juvenile care.

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

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Detailed Notes on Account Balances (continued)

McCurtain County Jail Trust - accounts for the sales tax monies collected for the operation of the McCurtain County Jail.

Community Sentencing Program - accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

McCurtain County Correctional Authority - accounts for the sales tax monies collected for the construction of the McCurtain County Jail. The construction of the jail was completed in prior years. The remaining balance will be transferred to the McCurtain County Jail Trust Fund.

Department of Corrections - accounts for the monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

Revenue Sharing - accounts for interest remaining from the Revenue Sharing Fund.

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

K-4048 Eagletown Fire Department Reap Grant - accounts for the state grant funds received for the purpose of constructing a fire department building for the Eagletown community.

K-4049 Bethel Fire Department Reap Grant - accounts for the state grant funds received for the purpose of constructing a fire department building for the Bethel community.

K-5048 Pine Creek Fire Department Reap Grant - accounts for the state grant funds received for the purpose of constructing a fire department building for the Pine Creek fire department.

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

K-5050 Eagletown Pavilion Reap Grant - accounts for the state grant funds received for the purpose of constructing a pavilion for the senior citizens of the Eagletown community.

K-5051 McCurtain RWD #1 Reap Grant - accounts for the state grant funds received for the purpose of constructing water lines for Rural Water District #1.

K-5046 Harris Sub Reap Grant - accounts for the state grant funds received for the purpose of constructing a fire department substation for the Harris community.

K-6045 Tom Senior Citizens Reap Grant - accounts for the state grant funds received for the purpose of constructing a community building for the senior citizens for the Tom community.

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

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Detailed Notes on Account Balances (continued)

K-5047 Battiest Health Center Reap Grant - accounts for the state grant funds received for the purpose of buying equipment for the Battiest Health Center.

Court Related Community Service - accounts for the state contract funds for juvenile care.

National Children Alliance - accounts for the funds used for child advocacy purposes.

Federal Emergency Management - accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Juvenile Accountability Incentive Grant - accounts for all grants to support the programs and services provided at the juvenile detention facility.

Capital Improvement Fund - accounts for insurance monies received on loss of building.

CDBG 9176 RWD #9 - accounts for the federal grant funds received for the purpose of constructing water lines for Rural Water District #9.

K-5049 Redland Fire Department Reap Grant - accounts for the state grant funds received for the construction of a fire department substation building for the Redland community.

Debt Service - County Sinking - accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments. There is currently no long-term debt. The balance remaining will be transferred to the general fund.

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

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

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

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

Whitegrass - accounts for the collection and distribution of special assessment taxes for flood control on certain properties in the County.

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

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Detailed Notes on Account Balances (continued)

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

EMS - accounts for monies collected on behalf of the emergency medical service from ad valorem taxes and remitted to them monthly.

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

DA Expense - accounts for monies reimbursed for maintenance, operation, and capital improvement.

Mobile Home Trust - accounts for prepaid mobile home taxes.

Mobile Home Reserve - accounts for excess tax collections for prepaid mobile home taxes.

DA Forfeiture Fund - accounts for the collection of the District Attorney's percentage of drug forfeitures.

Pruitt Money Order - accounts for taxes paid in advance before properties were assessed on the tax roll. The owner cannot be located to return money.

Tom Co-Op - accounts for funds used by the Tom School District to pay for special student services.

VOCA - accounts for funds received from the state for salary, benefits, and travel for the victim services advocate.

CSIF-DA Truancy - accounts for funds received from the schools to pay the truancy officer's salary, benefits, and travel.

CECC - accounts for the remaining interest from the Community Education Cash Co-op.

Smithville - this fund was set up by the Oklahoma Tax Commission for the City of Smithville's portion of the alcohol and beverage taxes. The City of Smithville does not have a mayor or city council.

Community Relation - accounts for payments made in lieu of fines or jail time by persons charged for crimes. This account was set up under a former District Attorney. This practice was stopped and the persons paying monies have not been located for reimbursement.

City of Idabel - accounts for special assessments on city abatement fees clearing and mowing property.



Detailed Notes on Account Balances (continued)

Additionally, the following official depository accounts are described below:

District Court Clerk #5 - accounts for the collection of bond money, court fines, and fees. Money is disbursed for fees and restitution.

District Court Fund #1 - accounts for fees transferred from district court and interest. Money is disbursed for the purpose of fees for various entities, salaries, and the operation of the office.

District Attorney #6 - accounts for the collection of bogus checks and district attorney fees to be disbursed to the merchant as restricted by state statutes.

County Clerk #4 - accounts for the collection of filing fees and disbursed to the Oklahoma Tax Commission and general fund.

County Sheriff #16 - accounts for all collection of foreign service fees and bonds. Monies are vouchered out at the end of the month to the sheriff service fee account and Court Clerk.

County Treasurer #3 - accounts for the collection of motor vehicle stamps. Disbursements are for the purpose of motor vehicle collection distribution.

County Treasurer #12 - accounts for the collection of taxes and pre-paid mobile home. Disbursements are for the purpose of refunding overpayment of taxes.

County Treasurer #2 - accounts for the collection of farm stamps. Disbursements are for the purpose of farm stamp collection distribution.

District Attorney #11 - accounts for collection of child support incentive and disbursements of funds as restricted by state statutes.

Election Board #8 - accounts for reimbursement of elections and is disbursed for refunds of election fees and maintenance and operation of the office.

Health Department #10 - 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 Assessor #9 - accounts for the collection for copies and proceeds from sale of ownership books to be disbursed at the end of the month and deposited in the Assessor revolving fund.

Court Clerk #13 - accounts for a charge of \$5.00 for each warrant. Money is disbursed in the same manner as court fund.

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

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Detailed Notes on Account Balances (continued)

County Sheriff #15 - accounts for collection of inmate trust money to be disbursed to sheriff commissary or inmate upon release.

County Sheriff #17 - accounts for the collection of forfeitures transferred from the sheriff's forfeiture account and disbursements are for confidential expenditures.

County Sheriff #18 - accounts for the collection from forfeitures and disbursements of funds restricted by court orders and state statutes.

County Sheriff #19 - accounts for the collection of fees transferred from the inmate trust money for commissary items and disbursements of funds as restricted by state statutes.

District Attorney #7 - accounts for collections received from the state to reimburse the County for witness expenses.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2001, was approximately \$128,287,056.

The County levied 10.00 mills (the legal maximum) for 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, 2002, were approximately 97.5 percent of the tax levy.

Detailed Notes on Account Balances (continued)

D. Pension Plan

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

E. Capital Leases

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

F. Fuel Tax

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

4. Contingent Liabilities

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

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

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

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5. Sales Tax

The voters of McCurtain County approved a permanent one half (1/2%) sales tax effective August 17, 1991. This sales tax was established to provide revenue for the maintenance of a solid waste system.

**Schedule of Expenditures of Federal Awards**

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through Oklahoma State Department of Health: Schools and Roads	10.665		\$ 299,579
Total U.S. Department of Agriculture			<u>299,579</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Passed Through Oklahoma State Treasurer: Flood Control	12.112		3,319
Total U.S. Department of Defense			<u>3,319</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed Through Oklahoma Department of Commerce: Community Development Block Grant	14.228	9176CDBG 99	16,937
Total U.S. Department of Housing and Urban Development			<u>16,937</u>
<b><u>U.S. DEPARTMENT OF INTERIOR</u></b>			
Direct Grant:			
Payment In Lieu of Taxes	15.226		161,861
Passed Through Bureau of Indian Affairs:			
Highway Planning and Construction	20.205	G00-3933	550,000
Total U.S. Department of Interior			<u>711,861</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct Grant:			
Local Law Enforcement Block Grant	16.592	2000 LB BX 1586	1,929
Community Oriented Policing Services (COPS)	16.710	95 CF WX 6249	155,802
Community Oriented Policing Services (COPS in School)	16.710	99 SH 0576	18,710
Passed Through Oklahoma State Treasurer:			
Juvenile Acocuntabilty Incentive Block Grant	16.523	00 JAIBG 23	147
Juvenile Acocuntabilty Incentive Block Grant	16.523	01 JAIBG 23	8,534
Passed Through District Attorney Council:			
Stop Violence Against Women	16.588	V-98-161	2,445
Total U.S. Department of Justice			<u>187,567</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	1355 DR	1,582,433
Total Federal Emergency Management Agency			<u>1,582,433</u>
Total Expenditures of Federal Awards			<u>\$ 2,801,696</u>

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

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of McCurtain 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  
McCURTAIN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of McCurtain County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 14, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered McCurtain County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2002-1, 2002-2, 2002-3, and 2002-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2002-1, 2002-2, 2002-3, and 2002-4 to be material weaknesses.

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

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

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

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 14, 2003

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
McCURTAIN COUNTY, OKLAHOMA

We have audited the compliance of McCurtain County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. McCurtain County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of McCurtain County's management. Our responsibility is to express an opinion on McCurtain 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 McCurtain County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of McCurtain County's compliance with those requirements.

In our opinion, McCurtain County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2002-5 and 2002-6.

### Internal Control Over Compliance

The management of McCurtain 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 McCurtain County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

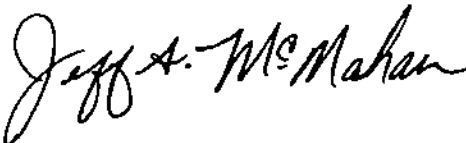
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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

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

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

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

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 14, 2003

**Schedule of Findings and Questioned Costs**

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

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SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting: Unqualified

• Material weakness(es) identified? Yes

• Reportable condition(s) identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? No

• Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of Major Programs

CFDA Number(s)

83.544

20.205

Name of Federal Program or Cluster

Public Assistance Grants

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

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

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**SECTION 2 - Financial Statement Findings**

**Finding 2002-1 - Fixed Assets Inventory**

Criteria: An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation. Further, 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 be 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: The County does 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.

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.

**Finding 2002-2 - Timesheets and Compensatory Time-off**

Criteria: Good internal controls dictate that timesheets be prepared, reviewed for accuracy, and filed with the payroll department prior to payroll checks being issued. The Fair Labor Standards Act requires that employers keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

Condition: County employees do not prepare timesheets and/or records, which reflect accumulated leave balances, are signed and approved by the Officer, and filed with the County Clerk at the end of each month. It was further noted that employees in the Assessor's Office were given leave time for purposes other than those stated in the Commissioners' resolution for employee leave (i.e., secretary's day).



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

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**Recommendation:** We recommend that all employees prepare timesheets with information of time worked, any leave taken during the month, overtime worked, and accumulated leave balances, in order to comply with the Fair Labor Standards Act. Also, compensatory time-off should be granted only for items outlined in the Commissioners' resolution for employee leave time.

**Management's Response:** We concur with the auditors' findings. We have started the process of implementing procedures for that accountability of employee time records.

**Finding 2002-3 - Expenditures**

**Criteria:** Good accounting procedures are necessary to ensure stewardship on accountability of public funds. Further, Title 19 O.S.2001, § 1500-1505 states the procedures that shall be used by counties for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government.

**Condition:** Of the 80 purchase orders examined, 26 were not properly encumbered, 8 did not have a receiving report attached, and 3 did not have proper supporting documentation attached.

**Recommendation:** We recommend that all purchase orders be encumbered prior to liability being incurred and that all supporting documentation be attached to the purchase orders.

**Management's Response:** County officials will make a greater effort to adhere to purchasing procedures outlined in state statutes.

**Finding 2002-4 - Expenditures Not Encumbered**

**Criteria:** Good accounting procedures are necessary to ensure stewardship on accountability of public funds. Further, Title 19 O.S.2001, § 1500-1505 states the procedures that shall be used by counties for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government.

**Condition:** Former District #3 Commissioner did not encumber \$35,796.24 in expenditures billed to the County after purchases of goods and services were made. This includes an obligation for \$20,083.06, dating to August 2002. This obligation was not paid in full as of the audit fieldwork date.

**Recommendation:** We recommend that all purchase orders be encumbered prior to liability being incurred and that all supporting documentation be attached to the purchase orders.

**Management's Response:** The new administration is aware of proper purchasing procedures and will comply with state statutes.

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

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**SECTION 3 – Federal Award Findings and Questioned Costs**

**Finding 2002-5 - Procurement**

Federal Program: Public Assistance Grants, CFDA #83.544

Federal Agency: Federal Emergency Management Agency passed through the Oklahoma State Department of Civil Emergency Management

Criteria: Title 69 O.S. 2001, § 630 states, “No member of the Department, or any person in the employ of the Department, no county commissioner, county engineer, road superintendent, or any person in their employ, or one holding an appointment under them, shall be either directly or indirectly interested in any contract for the construction or building of any bridge or culvert, or of any improvement of any road or parts of road coming under the provisions of this code.” OMB Circular A-102 Common Rule, Subpart C, § .36, requires grantees to use their own procurement procedure of federal funds.

Condition: McCurtain County District #2 paid an employee \$31,884.93 for contract labor in addition to his regular salary. Of this amount, \$10,738.86 was paid out of grant funds for FEMA projects. We have questioned the amount paid for FEMA projects in the amount of \$10,738.86.

Recommendation: We recommend that the County comply with OMB Circular A-102 Common Rule, Subpart C, § .36 and 69 O.S. 2001, § 630.

Management’s Response: A greater effort will be made to ensure federal expenditures are made in compliance with OMB Circular A-102 Common Rule and state statutes.

**Finding 2002-6 - Allowable Costs**

Federal Program: Highway Planning and Construction Grant, CFDA #20.205

Federal Agency: U.S. Department of Transportation passed through the Bureau of Indian Affairs

Criteria: Allowable costs are required to be adequately documented in accordance with OMB Circular A-87, “Cost Principles for State, Local, and Indian Tribal Governments.

Condition: The County received \$550,000 for a BIA Road Project. This grant was to be used to asphalt a road. Purchase order #2354 was not encumbered timely and did not have original invoices for supporting documentation. We have questioned the \$550,000 expended for this project.

Recommendation: The County should comply with OMB Circular 87-A. Proper documentation should be maintained to support all expenditures of federal funds. All County purchases should be timely encumbered and have original supporting documentation as prescribed by 19 O.S. 2001, § 1501-1505.

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

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Management's Response: We will work to ensure that proper documentation is maintained and that federal expenditures are made according to OMB Circular A-87 and state statutes.

**Statistical Data  
(Unaudited)**

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

TAXPAYER	JANUARY 1, 2001 NET ASSESSED VALUATION	% OF TOTAL NET VALUATION
1 Weyerhaeuser Co.	\$ 42,792,301	33.36%
2 Tyson Foods, Inc.	12,306,450	9.59%
3 Texas Okla. & Eastern RR	4,056,206	3.16%
4 Public Service Co. of OK	3,344,438	2.61%
5 Pine Telephone Co.	2,157,670	1.68%
6 Reliant Energy Gas Trans.	2,286,815	1.78%
7 Southwestern Bell	2,108,851	1.64%
8 Dominance Industries Co.	1,974,752	1.54%
9 Valliant Telephone	1,905,179	1.49%
10 Alltel	684,349	0.53%
Total	<u>\$ 73,617,011</u>	<u>57.38%</u>

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

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

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Total net assessed value as of January 1, 2001		<u>\$ 128,287,056</u>
Debt Limit - 5% of total assessed value		6,414,353
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>3,988</u>	<u>-</u>
Legal Debt Margin		<u>\$ 6,414,353</u>

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

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	2002
Estimated population	34,795
Net assessed value	\$ 128,287,056
Gross bonded debt	-
Less available sinking fund cash balance	3,988
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

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

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<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2002	\$ 46,615,205	\$ 20,629,082	\$ 69,448,221	\$ 8,405,452	\$ 128,287,056	\$ 1,148,890,607