

**OKMULGEE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2000**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

October 4, 2002

TO THE CITIZENS OF
OKMULGEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Okmulgee County, Oklahoma, for the fiscal year ended June 30, 2000. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

OKMULGEE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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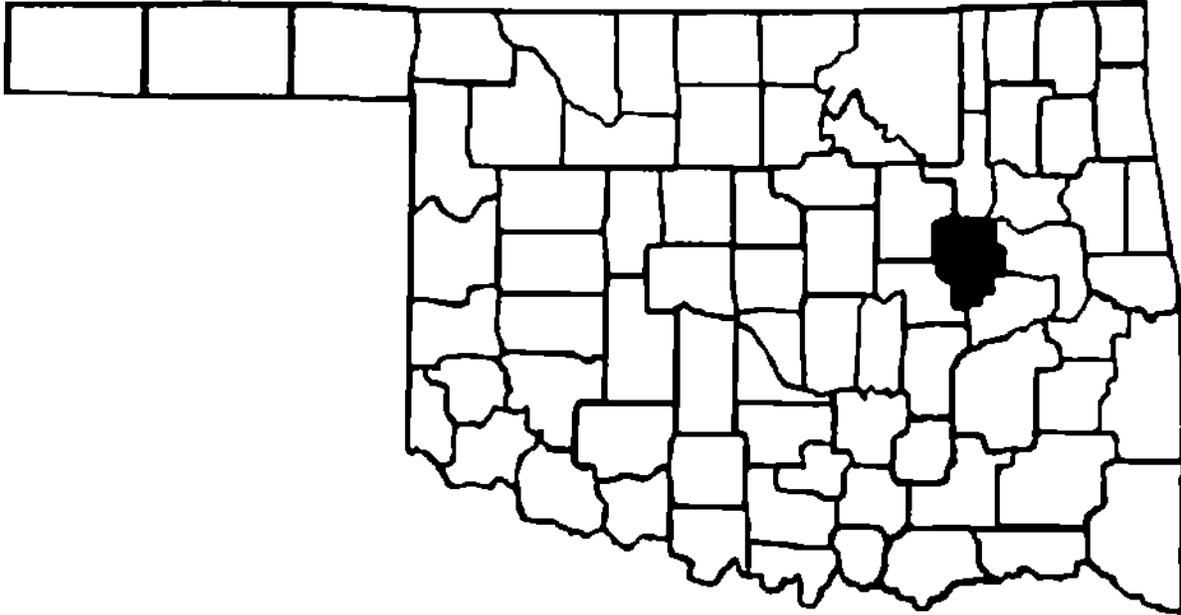
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REPORT TO THE CITIZENS
OF
OKMULGEE COUNTY, OKLAHOMA



The name *Okmulgee* comes from a Creek word meaning “boiling water.” Created at statehood from lands in the Creek Nation, Indian Territory, the county seat, Okmulgee, has been the capital of the Creek Nation since the Civil War. The Indians chose the site in the belief that tornadoes would not strike the area and so far history has proven them correct.

Two local lakes furnish most of the water for the county. Major highways are I-40, east-west, and S.H. 75, north-south. Burlington Northern Railroad maintains a station for shipping.

Points of interest are: the Creek Council House Museum (former meeting place of the Intertribal Council of the Five Civilized Tribes), the Creek Tribal Complex, Samuel Checote gravesite, Oklahoma State University – Okmulgee, Nuyaka Mission, and Okmulgee State Park. A Pecan Festival is held mid-June annually in Okmulgee and a Labor Day celebration is observed in Henryetta each year. Both cities support public libraries. The City of Okmulgee is a participant in the Oklahoma Department of Commerce’s Main Street project.

History of Okmulgee County offers information about the area. For additional information, call the county clerk’s office at (918) 756 – 0788.

County Seat - Okmulgee

Area – 697 Square Miles

County Population – 39,788
(1999 est.)

Farms – 1,107

Land in Farms – 302,155 Acres

Source: Oklahoma Almanac 2001 - 2002

See independent auditor’s report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Regina Mengers
(D) Henryetta

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
Becky Thomas
(D) Henryetta

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**

BOARD OF COUNTY COMMISSIONERS

DISTRICT #1
James Henson
(D) Beggs

DISTRICT #2
Roger Ballenger
(D) Okmulgee

DISTRICT #3
James Connors
(D) Dewar

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

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Ernest Arocha
(D) Henryetta

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

Vonna Lampkins
(D) Beggs

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Linda Beaver
(D) Okmulgee

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
Thomas Giulioli
(D) Okmulgee

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

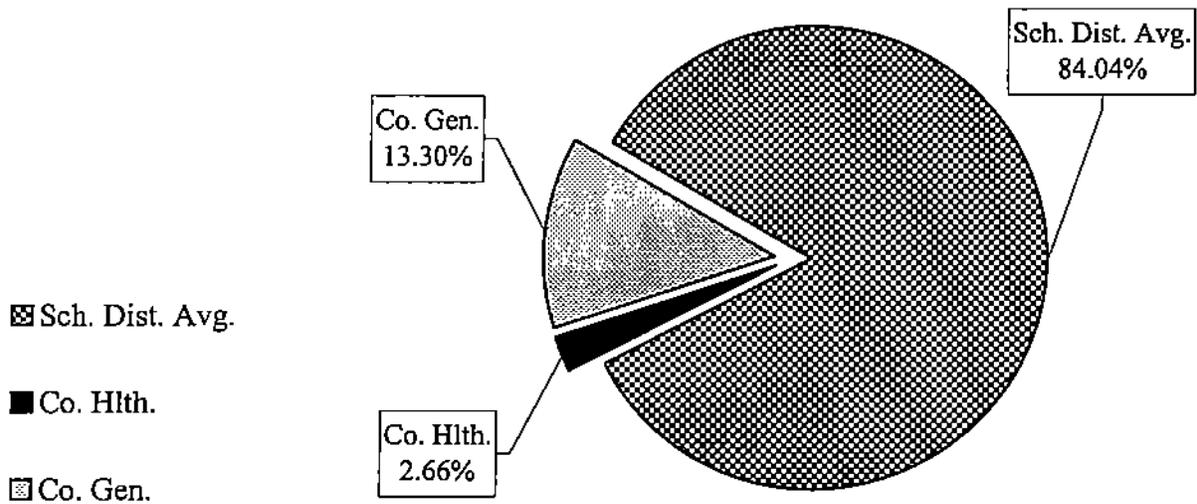
James Lonsdale
(D) Henryetta

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 operating expenses 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.

**OKMULGEE 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 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:

Co. General Fund	10.00
Co. Health	2.00

School District Millages:

	Gen.	Bldg.	Skg.	Vo-Tech	Common	Total
I-1 Okmulgee	35.00	5.00	8.03	8.00	4.00	60.03
I-2 Henryetta	35.00	5.00	17.22	8.00	4.00	69.22
I-3 Morris	35.00	5.00	6.30	8.00	4.00	58.30
I-4 Beggs	35.00	5.00	9.73	8.00	4.00	61.73
I-5 Preston	35.00	5.00	13.16	8.00	4.00	65.16
I-6 Schulter	35.00	5.00	10.60	8.00	4.00	62.60
I-7 Wilson	35.00	5.00	21.65	8.00	4.00	73.65
I-8 Dewar	35.00	5.00	6.77	8.00	4.00	58.77
D-9 Liberty	35.00	5.00	19.95	8.00	4.00	71.95
D-11 Twin Hills	35.00	5.00	16.70	8.00	4.00	68.70
JT-2 Muskogee	35.00	5.00	10.59	13.00	4.00	67.59
JT-5 Creek	35.00	5.00	25.55	15.00	4.00	84.55
JT-14 Tulsa	35.00	5.00	6.61	10.00	4.00	60.61
JT-19 McIntosh	35.00	5.00		10.00	4.00	54.00
JT-27 McIntosh	35.00	5.00	5.16	10.00	4.00	59.16
JT-31 Okfuskee	35.00	5.00	0.12	5.00	4.00	49.12
JT-32 Okfuskee	35.00	5.00		5.00	4.00	49.00

See independent auditor's report.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
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OKLAHOMA CITY, OK 73105-4896
405/521-3495

Independent Auditor's Report

TO THE OFFICERS OF
OKMULGEE COUNTY, OKLAHOMA

We have audited the accompanying general-purpose financial statements of Okmulgee County, Oklahoma, as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of Okmulgee County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the proprietary fund type. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for the proprietary fund type, is based on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinion.

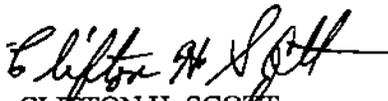
As explained in Note 1(H), the general-purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, based on our audit and the report of other auditors, except for the effect on the general-purpose financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Okmulgee County, Oklahoma, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2002, on our consideration of Okmulgee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. 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 general-purpose financial statements of Okmulgee County, Oklahoma, taken as a whole. The other information listed in the table of contents under *Introductory Section* has not been audited by us and accordingly, we express no opinion on such data.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

June 10, 2002

General-Purpose Financial Statements

OKMULGEE COUNTY, OKLAHOMA
COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Enterprise Fund	Trust and Agency	General Long-Term Debt	
ASSETS							
Cash	\$ 436,359	\$ 1,061,698	\$ 4,451	\$ 428,612	\$ 814,175	\$	\$ 2,745,295
Ad valorem taxes receivable	16,416	3,283			103,326		123,025
Accrued interest receivable	4,682	545		99	262		5,588
Property and equipment				160,741			160,741
Due from other governments	4,873	223,869			22,664		251,406
Amount available in debt service fund						4,451	4,451
Amount to be provided for retirement of judgment						2,754	2,754
Amount to be provided for capitalized lease agreements						389,102	389,102
Total assets	\$ 462,330	\$ 1,289,395	\$ 4,451	\$ 589,452	\$ 940,427	\$ 396,307	\$ 3,682,362
LIABILITIES AND FUND EQUITY							
Liabilities:							
Warrants payable	\$ 111,464	\$ 213,710	\$	\$	\$	\$	\$ 325,174
Note payable				400,000			400,000
Accounts payable	9,092	19,808		8,034			36,934
Due to other taxing units					247,099		247,099
Due to others					693,328		693,328
Judgment payable						7,205	7,205
Capitalized lease obligations payable						389,102	389,102
Total liabilities	120,556	233,518	-	408,034	940,427	396,307	2,098,842
Fund equity:							
Funds provided by county health dept.				180,000			180,000
Retained earnings				1,418			1,418
Fund balances:							
Reserved for encumbrances	28,781	43,376					72,157
Reserved for debt service			4,451				4,451
Unreserved:							
Undesignated	312,993	1,012,501					1,325,494
Total fund equity	341,774	1,055,877	4,451	181,418	-	-	1,584,938
Total liabilities and fund equity	\$ 462,330	\$ 1,289,395	\$ 4,451	\$ 589,452	\$ 940,427	\$ 396,307	\$ 3,682,362

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

OKMULGEE COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Revenues:				
Ad valorem taxes	\$ 965,829	\$ 315,082	\$	\$ 1,280,911
Charges for services	297,013	195,752		492,765
Intergovernmental revenues	301,780	3,417,335	2,907	3,722,022
Miscellaneous revenues	132,379	75,975	1,636	209,990
Total revenues	<u>1,697,001</u>	<u>4,004,144</u>	<u>4,543</u>	<u>5,705,688</u>
Expenditures:				
Current operating:				
General government	1,269,444	182,868		1,452,312
Public safety	394,891	495,613		890,504
Culture and recreation	11,655			11,655
Education	28,619			28,619
Health and welfare	190	309,204		309,394
Roads and highways	23,597	3,259,474		3,283,071
Debt service:				
Principal retirement			12,304	12,304
Interest			1,137	1,137
Total expenditures	<u>1,728,396</u>	<u>4,247,159</u>	<u>13,441</u>	<u>5,988,996</u>
Excess of revenues over (under) expenditures	<u>(31,395)</u>	<u>(243,015)</u>	<u>(8,898)</u>	<u>(283,308)</u>
Other financing sources (uses):				
Capitalized lease agreements		248,811		248,811
Total other financing sources (uses)	<u>-</u>	<u>248,811</u>	<u>-</u>	<u>248,811</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(31,395)</u>	<u>5,796</u>	<u>(8,898)</u>	<u>(34,497)</u>
Beginning fund balances	<u>373,169</u>	<u>1,050,081</u>	<u>13,349</u>	<u>1,436,599</u>
Ending fund balances	<u>\$ 341,774</u>	<u>\$ 1,055,877</u>	<u>\$ 4,451</u>	<u>\$ 1,402,102</u>

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

OKMULGEE COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE
(COUNTY HEALTH DEPARTMENT ONLY) FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

	General			Special Revenue Funds County Health Department		
	Budget	Actual	Variance	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 342,135	\$ 342,135	\$ -	\$ 197,718	\$ 197,882	\$ 164
Revenues:						
Ad valorem taxes	\$ 904,633	\$ 966,122	\$ 61,489	\$ 180,927	\$ 193,224	\$ 12,297
Charges for services	283,732	297,013	13,281	41,959	43,602	1,643
Intergovernmental revenues	323,049	301,598	(21,451)		1,725	1,725
Miscellaneous revenues	48,993	132,367	83,374	17	2,649	2,632
Total revenues, budgetary basis	<u>1,560,407</u>	<u>1,697,100</u>	<u>136,693</u>	<u>222,903</u>	<u>241,200</u>	<u>18,297</u>
Expenditures:						
Current operating:						
General government	1,429,053	1,282,190	146,863			
Public safety	396,725	396,266	459			
Education	38,500	38,134	366			
Health and welfare	300	201	99	420,621	321,360	99,261
Culture and recreation	11,684	11,655	29			
Roads and highways	26,280	23,767	2,513			
Total expenditures, budgetary basis	<u>1,902,542</u>	<u>1,752,213</u>	<u>150,329</u>	<u>420,621</u>	<u>321,360</u>	<u>99,261</u>
Excess of revenues and beginning fund balances over (under) expenditures, budgetary basis	<u>\$ -</u>	287,022	<u>\$ 287,022</u>	<u>\$ -</u>	117,722	<u>\$ 117,722</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances						
Add: Ad valorem taxes receivable		16,416			3,283	
Accrued interest receivable		4,682			136	
Due from other governments		4,873				
Reserved for encumbrances		<u>28,781</u>			<u>11,120</u>	
Ending fund balances		<u>\$ 341,774</u>			<u>\$ 132,261</u>	

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

OKMULGEE COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Okmulgee County Development Authority
Revenues	
Rent	\$ -
Interest	1,418
Total revenues	1,418
Expenses	
Interest expense	
Miscellaneous	-
Total expenses	-
NET INCOME	1,418
Beginning retained earnings	-
Ending retained earnings	\$ 1,418

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

**OKMULGEE COUNTY, OKLAHOMA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Okmulgee County Development Authority</u>	
Cash flows from operating activities:		
Increase in net assets		\$ 1,418
Adjustments to reconcile increase in net assets to net		
Cash provided by operating activities:		
(Increase) decrease in net interest receivable	\$ (99)	
Increase (decrease) in accounts payable	8,034	
Total adjustments		<u>7,935</u>
Net cash provided by operating activities		9,353
Cash flows from investing activities		
Investment in property and equipment	<u>(160,741)</u>	
Net cash used by investing activities		(160,741)
Cash flows from financing activities		
Funds provided by county health department	180,000	
Increase in note payable	<u>400,000</u>	
Net cash provided by financing activities		<u>580,000</u>
Net increase in cash		428,612
Cash at beginning of year		<u>-</u>
Cash at end of year		<u>\$ 428,612</u>

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

Notes to the Financial Statements

**OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. Summary of Significant Accounting Policies

The financial statements of the County are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

A. Financial 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.

In accordance with accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Okmulgee County (the primary government) and its legally separate component units.

Component Units

The following are component units because the component units' governing bodies are substantially the same as the governing body of the County, or the component units provide services almost entirely to the primary government.

Okmulgee County Development Authority – Blended Component Unit

The financial activities of this component unit are presented in the Proprietary columns on the combined statements. The primary purpose of the trust is the remodeling of the County Health Department. The Authority's fiscal year ends on June 30 and the information included is for the year ended June 30, 2000. Complete audited financial statements are available for this component unit by contacting the Okmulgee County Clerk.

Okmulgee County Governmental Building Authority -- This Authority was created November 22, 1999. The first fiscal year of the Authority ends October 31, 2000. Governmental Accounting Standards Board Statement 14 requires the reporting entities to include component unit financial information for the fiscal ending during the primary governments fiscal year or within the first quarter year after that date. Because of this, no activity for this component unit will be included until fiscal year ending June 30, 2001.

Okmulgee County Criminal Justice Authority -- The Authority was formed May 8, 2000. There was no activity for the fiscal year ended June 30, 2000.

Summary of Significant Accounting Policies (continued)

Related Organizations Excluded from the Reporting Entity

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. These organizations are not included in the financial statements.

Okmulgee County Industrial Authority

Okmulgee County Public Building Authority

B. Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three major categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for the activities of the general government not accounted for in some other fund.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, when the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) except for those that conflict with GASB pronouncements.

Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are generally used to account for assets that the government holds on behalf of others as their agent.

Account Groups

General Fixed Assets Account Group (GFAAG) – Accounting principles generally accepted in the United States of America require that those fixed assets of a government not reported in a proprietary fund or a trust fund be reported in a general fixed assets account group (GFAAG). This account group is not a fund. It does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the government’s fixed assets and is designed to ensure accountability.

General Long-Term Debt Account Group (GLTDAG) - The general long-term debt account group (GLTDAG) is used to account for a government's unmatured long-term indebtedness that has not been identified as a specific fund liability of a proprietary or trust fund. In addition to general obligation debt instruments (e.g., bonds, notes), the GLTDAG is also used to report revenue bonds that will be repaid from general government resources, special assessment debt when the government is “obligated in some manner,” special revenue bonds, and certain liabilities that are normally not expected to be liquidated with expendable available financial resources (e.g., capitalized lease-purchase obligations).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-types operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Summary of Significant Accounting Policies (continued)

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if collected within 60 days after year-end. Expenditures are recorded when incurred and the related fund liability is expected to be paid from available spendable resources. Principal and interest on general long-term debt are recorded as fund expenditures when paid or when amounts for principal and interest have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, interest revenue, and other taxes collected and held by the Oklahoma Tax Commission at year-end on behalf of the government. Charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

D. Budgetary Policies and Procedures

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 and special revenue (County Health Department only) funds includes the originally approved budgeted appropriations for expenditures as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other cash 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 and special revenue funds.

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

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue (County Health Department only) Funds 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

Summary of Significant Accounting Policies (continued)

E. Cash

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. All funds were deposited in certificates of deposit or interest-bearing demand accounts at June 30, 2000.

F. Receivables

All receivables are reported at their gross value.

G. Interest Receivable

Interest on deposits is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

H. Fixed Assets

While the County presently maintains some individual records of personal property; it does not keep similar records for land, buildings, and improvements. For this reason, a Statement of General Fixed Assets, required by accounting principles generally accepted in the United States of America, is not presented on the Combined Balance Sheet - All Fund Types and Account Group.

I. 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	The County participates in a public entity risk pool – Association of County Commissioners of Oklahoma – Self-Insured Group. (See ACCO-SIG.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed pool assets, 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. (See ACCO Self-Insured Fund ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.

OKMULGEE COUNTY, OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2000

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
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 \$2,500 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 assessed additional premiums to be paid by its members in the past three years.

The County carries commercial insurance for employees' health and accident 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. No significant reductions in insurance coverage occurred during the fiscal year ended June 30, 2000.

The County has a judgment it is retiring through a tax levy. This judgment was the result of an error made by the County during a tax sale and was not covered by insurance.

J. Compensated Absences

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and may be accumulated. The amount of accumulated unpaid vacation benefits is not material to the financial statements for the fiscal year ending June 30, 2000.

K. Long-Term Obligations

The County reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

OKMULGEE COUNTY, OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2000

Summary of Significant Accounting Policies (continued)

L. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Interfund transactions have not been eliminated from the total column of each financial statement.

M. Fund Equity

Retained earnings reflect the accumulated earnings of an enterprise fund. Contributed capital is recorded in the Enterprise fund as "Funds provided by county health department".

N. Property and Equipment

The property listed for the proprietary funds includes all costs associated with the expansion of the health department building. The schedule below summarizes the Authorities construction and related project cost from inception through June 30, 2000.

	<u>Costs Through June 30, 2000</u>	<u>Costs July 1, 2000 To Completion</u>	<u>Total Costs</u>
Architect & Design	\$ 14,587	\$ 1,485	\$ 16,072
Legal	5,550	-0-	5,550
Financing Cost	7,584	4,348	11,932
Construction	<u>133,020</u>	<u>465,859</u>	<u>598,879</u>
Totals	<u>\$160,741</u>	<u>\$471,692</u>	<u>\$632,433</u>

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 carrying amount of the County's deposits was \$2,745,295 and the bank balance was \$2,758,956. Of the bank balance, all funds were covered by federal depository insurance or by collateral held by the County's agent in the County's name.

Detailed Notes on Account Balances (continued)

B. Receivables

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 net assessed property value as of January 1, 1999, was approximately \$99,509,606.

The County levied 10.00 mills for general fund operations and 2.00 mills for the County Health Department. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and apportions 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, 2000, were approximately 96 percent of the tax levy.

C. 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.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 1998, 1999, and 2000, were \$218,698, \$242,668, and \$190,853, respectively, equal to the required contributions for each year.

OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Detailed Notes on Account Balances (continued)

D. Operating Leases

The government is committed under various leases for road machinery and equipment. Lease expenditures for the year ended June 30, 2000, amounted to \$139,100. Future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2001	\$ 150,000
2002	140,400
2003	<u>13,000</u>
Total	<u>\$ 303,400</u>

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. 1991, § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. Oklahoma statutes prohibit the County from entering into contracts of this nature longer than one year. For this reason, these lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the County. However, it is the County's intent to exercise its right to purchase this property; accordingly, the lease-purchase agreements have been capitalized to conform with accounting principles generally accepted in the United States of America. The unpaid portions of these agreements have been reflected as capitalized lease obligations within the general long-term debt account group.

OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Detailed Notes on Account Balances (continued)

Providing all capital leases are renewed each year by resolution of the Board of Commissioners, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2000, are as follows:

Year Ending June 30,	Principal	Interest	Total
2001	\$ 118,723	\$ 21,862	\$ 140,585
2002	86,203	15,047	101,250
2003	47,984	10,653	58,637
2004	48,066	7,577	55,643
2005	38,152	4,644	42,796
2006 and beyond	49,974	2,837	52,811
Total	\$ 389,102	\$ 62,620	\$ 451,722

During the year, the County capitalized leases totaling \$248,811 and paid \$185,993 on the outstanding balances of lease-purchase agreements.

F. Judgment Payable

The County has a judgment it is retiring by a tax levy. State statutes require this levy be spread evenly over three tax years. Future requirements for this judgment are:

Year Ending June 30,	Principal	Interest	Total
2001	\$ 7,205	\$ 2,128	\$ 9,333
Total	\$ 7,205	\$ 2,128	\$ 9,333

OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Detailed Notes on Account Balances (continued)

G. Note Payable

The Okmulgee County Development Authority, a component unit, has a note payable for \$400,000. The proceeds of the note are to be used to finance the expansion of the Okmulgee County Health Department building. Funds to retire the note will be provided by lease payments received from the Oklahoma State Health Department. This note does not obligate the County in any way for repayment. The requirements to amortize the note payable over the next 12 years are as follows (including interest of \$154,665):

Period	# of Pymts	Total
11/15/2000 - 06/30/2001	8	\$ 30,815
07/01/2001 - 06/30/2002	12	46,222
07/01/2002 - 06/30/2003	12	46,222
07/01/2003 - 06/30/2004	12	46,222
07/01/2004 - 06/30/2005	12	46,222
07/01/2005 - 06/30/2006	12	46,222
07/01/2006 - 06/30/2012	76	292,740
Totals	144	\$ 554,665

H. Long-Term Debt

Changes in Long-Term Liabilities

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance July 1, 1999	Additions	Reductions	Balance June 30, 2000
Judgment	\$	\$ 19,509	\$ 12,304	\$ 7,205
Capital leases	326,284	248,811	185,993	389,102
Total	\$ 326,284	\$ 268,320	\$ 198,297	\$ 396,307

OKMULGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Detailed Notes on Account Balances (continued)

I. Fund Balance

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below:

Reserved for Encumbrances – The reserve for encumbrances represents encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

Reserved for Debt Service – The reserve for debt service was established to indicate that the fund balance or portion thereof is required by law to be used for the payment of any outstanding bonds, interest, or judgments against the County.

J. Fuel Taxes

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 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. The County highway fund is reported herein as "special revenue," and the fuel tax revenue is presented as "intergovernmental."

4. Contingent Liabilities

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

5. Related Party Transactions

The Authority entered into a contract in the amount of \$550,000 for the construction and improvements to the facilities of the Okmulgee County Health Department. Subsequent change orders to that contract increased the project total cost to \$632,433, which includes legal, construction, and loan fees. At June 30, 2000, the Authority had paid \$160,741, leaving a balance of \$471,692. Since June 30, 2000, the Authority has paid \$422,813 and the Department paid an additional \$48,879.

Pending the decision of State of Oklahoma authorities, the Authority may be required to reimburse the Okmulgee County Health Department for the \$48,879 it furnished to the project over and above its agreement with the Authority.

**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

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

**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
OKMULGEE COUNTY, OKLAHOMA

We have audited the financial statements of Okmulgee County, Oklahoma for the year ended June 30, 2000, and have issued our report thereon dated June 10, 2002. We did not audit the financial statements of the proprietary fund type. Those financial statements were audited by other auditors whose reports have been furnished to us. We qualified our opinion because the General Fixed Assets account group was not included in the financial statements. 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 Okmulgee County's 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Okmulgee County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 below.

Finding 98-1 – General Fixed Assets

Criteria: Accounting principles generally accepted in the United States of America for a governmental entity using governmental fund types require the presentation of the general fixed assets account group (GFAAG) in the financial statements.

Condition: Information is not available for reporting general fixed assets in accordance with accounting principles generally accepted in the United States of America for a government entity.

Effect: This component of internal control is not effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

Recommendation: We recommend records include acquisition cost, a complete description, purchase date, location of such asset, and that a control total of the cost of these assets be maintained and reconciled annually.

Management's Corrective Action Plan -

Contact Person: Becky Thomas, County Clerk

Anticipated Completion Date: No planned corrective action plan is anticipated to obtain fixed assets records in such manner that general fixed assets could be reported in accordance with accounting principles generally accepted in the United States of America.

Finding 99-1 – Segregation of Duties

Criteria: The overall goal of accounting principles generally accepted in the United States of America as they relate to governmental entities is to demonstrate accountability and stewardship in management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Based on inquiries of County personnel, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

Cause: This lack of segregation of duties is caused by the limited number of employees.

Effect: This component of internal control is not effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

Recommendation: Management should be aware of these conditions and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of County operations and a periodic review of those operations.

Management's Corrective Action Plan -

Contact Person: Vonna Lampkins, County Treasurer

Corrective Action Plan: We agree the duties of receiving, receipting, recording, and depositing cash and checks should be segregated. The County acknowledges this condition and understands the risks associated with it. We plan to discuss this situation during the budget process and will comply if it is cost effective and feasible. Management is aware of County operations and will be making periodic reviews of those operations.

Finding 00-1

Criteria: Purchases of goods and services by counties are generally governed by 19 O.S. § 1500 through 1505. 19 O.S. § 1505 provides for the initiation of a purchase by a requisition from the requesting department from which the county clerk encumbers the funds necessary for payment of the purchase. 62 O.S. § 310.8 provides for the use of blanket purchase orders for recurring purchases of goods or services.

Condition: We noted numerous purchases of goods and services by the county sheriff's office, which were not requisitioned prior to the ordering of the goods and services, and therefore the funds necessary to pay for the purchases were not encumbered in accordance with procedures prescribed by statute. Many of these purchases were recurring yet blanket purchase orders were not used. Some purchase orders were paid from photocopies of invoices. Many purchase orders made partial payments of amounts due to vendors and some amounts paid were several months past due. We also noted interest paid by the County on past due accounts.

Effect: This condition results in noncompliance with state statutes. It can and did result in the unavailability of funds to satisfy obligations of the County and it can and did result in increased costs to the County in the form of interest charged on delinquent accounts. Additional increased costs to the County could result from defending against court proceedings brought to collect delinquent amounts owed by the County.

Recommendation: We recommend that emphasis be placed on the purchasing procedures established by Oklahoma statutes. Specifically, we recommend that all purchases of goods or services be initiated by a requisition by the requesting department and that funds be encumbered for all purchases prior to ordering.

Management's Corrective Action Plan -

Contact Person: Ernest Arocha, County Sheriff

Corrective Action Plan: More emphasis has and will be placed on purchasing procedures established by statutes. A new employee has recently been hired to oversee the purchasing procedures so that better controls can be established for these purposes.

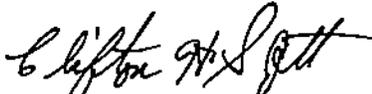
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 item 98-1 to be a material weakness.

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

This report is intended solely for the information and use of the management of the County 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,


CLIFTON H. SCOTT
State Auditor and Inspector

June 10, 2002