

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

March 25, 2004

TO THE CITIZENS OF  
PITTSBURG COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

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

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

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COMPLIANCE/INTERNAL CONTROL SECTION

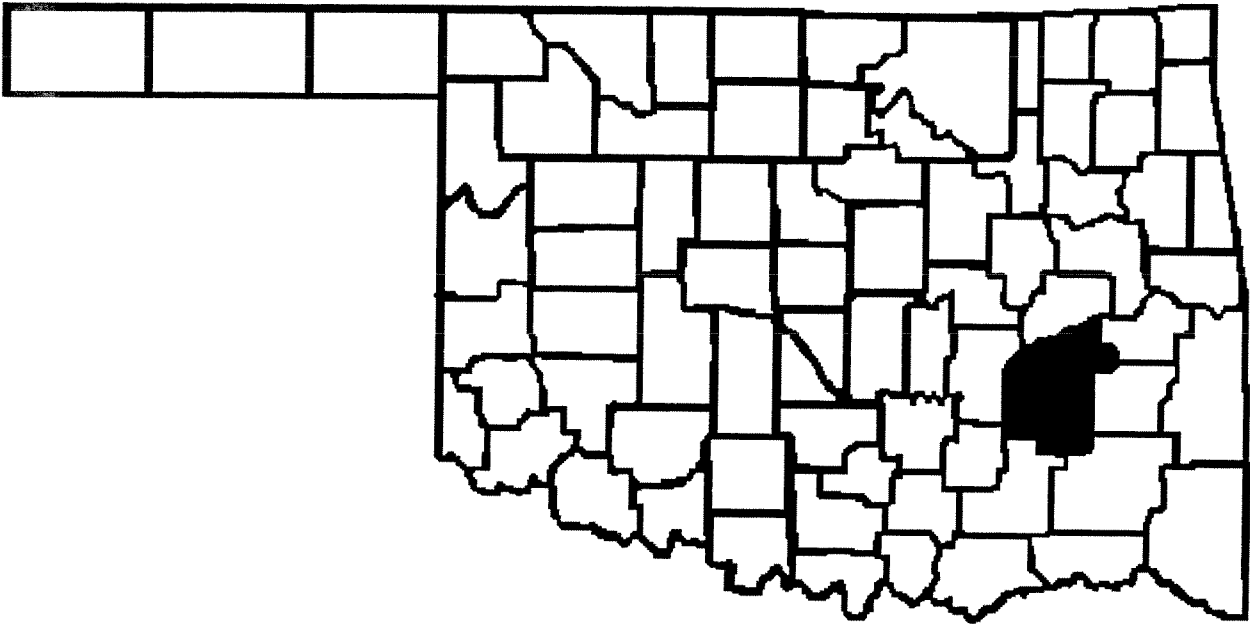
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REPORT TO THE CITIZENS  
OF  
PITTSBURG COUNTY, OKLAHOMA

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Pittsburg County was created at statehood from Tobucksy County in the Choctaw Nation, Indian Territory. The new county took its name from Pittsburgh, Pennsylvania. Perryville, which no longer exists, was the place in Tobucksy County that court was held and elections were designated to take place. It was located a few miles south of present-day McAlester and was also an important military post and depot for Confederate forces. In September of 1863, Perryville was burned to the ground by Union troops.

The largest city and the county seat of Pittsburg County is McAlester, which was originally developed as a rail center for the coal mining industry. Today, it is also the site of the Oklahoma State Penitentiary.

Agriculture is an important factor in the present-day economy of Pittsburg County. Peanuts, cotton, wheat, oats, and soybeans are among the major crops grown. McAlester Union Stockyard, which is one of the largest in the Southwest, and a large Army Ammunition Plant are also vital to the county. Krebs is the largest Italian community in Oklahoma and is known for its fine food.

Annual events include the Italian Festival in McAlester in May, the Prison Rodeo in McAlester in September, and the Southeast Oklahoma Arts & Crafts Show during the first weekend in November. For more information, contact the county clerk at 918-423-6865.

County Seat – McAlester

Area – 1,306 Square Miles

County Population - 45,953 (2000 est.)

Farms - 1,586

Land in Farms - 491,377 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**PITTSBURG COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**

Jim Kelley  
(D) McAlester

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**

Debbie Burch  
(D) McAlester

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.

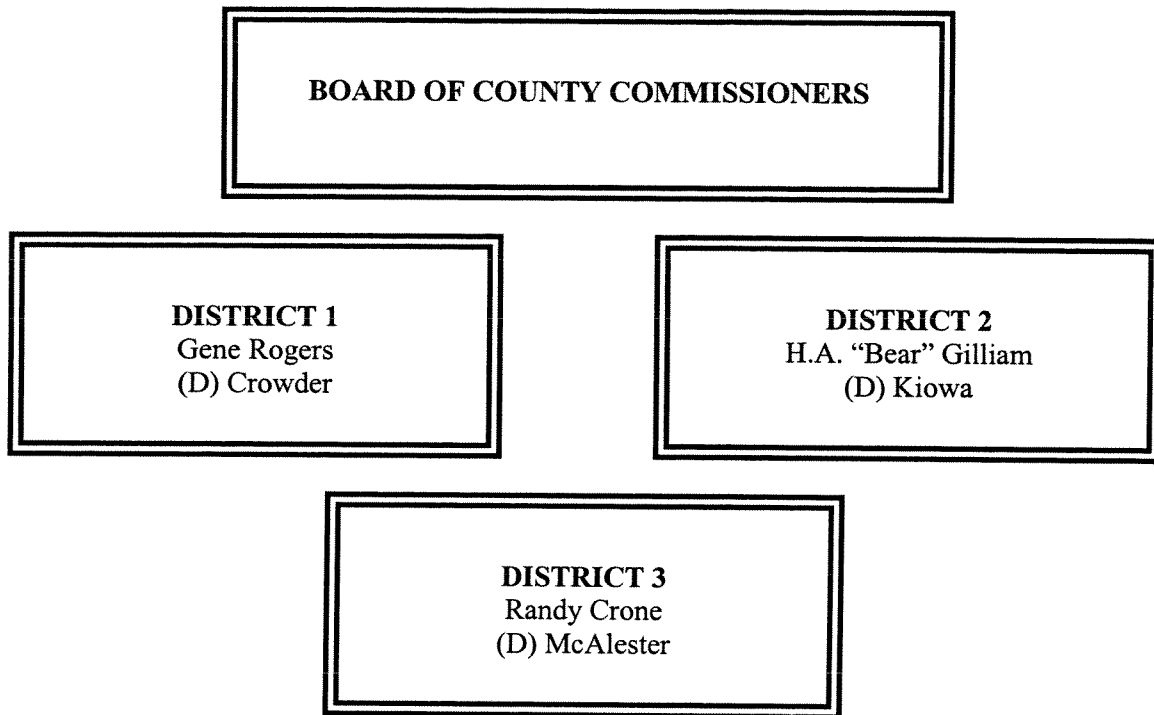
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**PITTSBURG 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.

**PITTSBURG COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Jerome "Snookie" Amaranto  
(D) Savanna

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**  
Cerita Morley  
(D) Dow

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.



**PITTSBURG COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Linda Price Williams  
(D) McAlester

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**  
Chris Wilson  
(D) McAlester

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.

**PITTSBURG COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

Carolyn Morris  
(D) McAlester

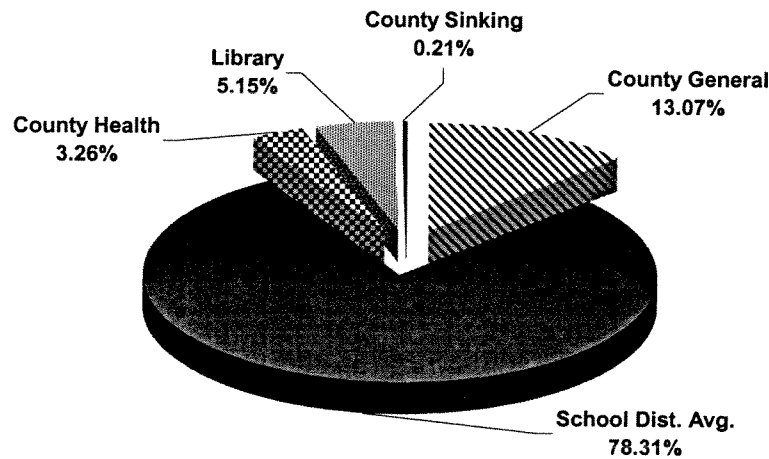
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

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

See independent auditor's report.

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

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



County General
  School Dist. Avg.
  County Health
  Library
  County Sinking

County-Wide Millages				School District Millages						
				Gen.	Bldg.	Skg.	Tech Cntr.	Tech Cntr. Bldg.	Common	Total
Co. General Fund	10.33									
Co. Health	2.58	Hartshome	Jl-1	35.93	5.13	6.04	10.33	2.07	4.13	63.63
Library	4.07	Canadian	I-29	35.60	5.09	5.31	10.33	2.07	4.13	62.53
Co. Sinking	0.17	Haileyville	I-11	36.74	5.25		10.33	2.07	4.13	58.52
		Kiowa	Jl-14	36.57	5.22		10.33	2.07	4.13	58.32
		Quinton	Jl-17	36.09	5.16		10.33	2.07	4.13	57.78
		Indianola	I-25	37.30	5.33	4.97	10.33	2.07	4.13	64.13
		Crowder	Jl-28	36.91	5.27	8.48	10.33	2.07	4.13	67.19
		Pittsburg	Jl-63	36.51	5.22	8.17	10.33	2.07	4.13	66.43
		Savanna	I-30	36.6	5.23		10.33	2.07	4.13	58.36
		McAlester	I-80	35.76	5.11	4.01	10.33	2.07	4.13	61.41

See independent auditor's report.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
PITTSBURG COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Pittsburg County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Pittsburg 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.

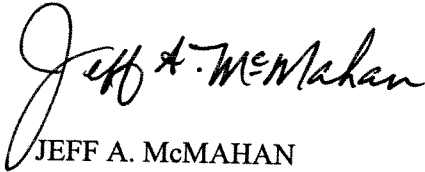
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Pittsburg County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county 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 Pittsburg 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 Pittsburg County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2004, on our consideration of Pittsburg 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 Pittsburg 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.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahen". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

March 1, 2004

## **Special-Purpose Financial Statements**

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

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
General Fund	\$ 936,872	\$ 2,370,316	\$ 2,599,158	\$ 708,030
County Sinking	2,152	24,256		26,408
Highway	2,427,271	5,179,005	5,280,858	2,325,418
Federal Emergency Management	265		80	185
Youth Services Grant	53			53
County Health Department	590,235	423,270	509,584	503,921
Treasurer's Mortgage Tax Certification Fees	11,938	15,026	16,192	10,772
Resale Property	213,039	116,352	110,613	218,778
Individual Redemption	5,452	113,342	110,286	8,508
County Clerk's Lien Fee	6,689	22,504	28,989	204
Assessor's Visual Inspection	13,522	12,686	8,366	17,842
McAlester Housing Authority	50			50
Civil Defense	83,683	121,728	95,597	109,814
Law Library	27,859	36,511	51,380	12,990
Mechanical Lien Bond	7,062	3,180	10,242	
DHS Attendant Care	2,148	335	690	1,793
County Library	2,353	591,274	590,158	3,469
County Clerk's Records Preservation	60,693	84,160	65,041	79,812
Courthouse Security	42			42
Estray Cattle	325	274		599
Schools	8,508,130	28,558,357	28,892,229	8,174,258
Municipal	26,350	326,474	329,670	23,154
Juvenile Incentive Block Grant		14,836	14,825	11
Sheriff's Service Fee	102,538	490,538	521,779	71,297
Sheriff Training	62			62
CEL - Corps of Engineers	2,033	13,560	12,462	3,131
DEA	404	18,001	18,370	35
Task Force	38,051		28,431	9,620
CDBG		204,016	204,016	
Community Sentencing Program	1,367	6,746	2,597	5,516
Drug Seizure	114			114
Board of Prisoners	71			71
DARE	69			69
Forfeiture	171,124	22,334	58,257	135,201
Youth Services Travel	1,524	3,300	2,793	2,031
Juvenile Detention Building & Maintenance	22,685	14,259	16,829	20,115
REAP	30,271	137,061	90,946	76,386
PEACE	3,936		2,887	1,049
VOCA	13,281	33,845	44,712	2,414
Oklahoma Housing Home Program		46,476	45,176	1,300
VAWA	456			456
Economic Development Authority	5,000			5,000
Official Depository	665,454	5,001,677	4,845,958	821,173
Protest Tax	15,954	169,457	11,582	173,829
<b>Total County Funds</b>	<b>\$ 14,000,577</b>	<b>\$ 44,175,156</b>	<b>\$ 44,620,753</b>	<b>\$ 13,554,980</b>

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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 936,036	\$ 936,036	\$ 936,872	\$ 836
Less: Prior Year Outstanding Warrants	(71,953)	(71,953)	(71,953)	
Less: Prior Year Encumbrances	(64,008)	(64,008)	(64,008)	
Beginning Cash Balances, Budgetary Basis	800,075	800,075	800,911	836
Receipts:				
Ad Valorem Taxes	1,388,299	1,388,299	1,441,334	53,035
Charges for Services	334,800	334,800	418,271	83,471
Intergovernmental Revenues	202,804	228,279	440,734	212,455
Miscellaneous Revenues	100,000	100,000	69,977	(30,023)
Total Receipts, Budgetary Basis	2,025,903	2,051,378	2,370,316	318,938
Expenditures:				
District Attorney	35,000	55,178	44,590	10,588
Total District Attorney	35,000	55,178	44,590	10,588
County Sheriff	543,855	560,508	559,921	587
Capital Outlay	9,000	4,348	4,328	20
Total County Sheriff	552,855	564,856	564,249	607
County Treasurer	156,408	167,586	157,442	10,144
Capital Outlay	5,438	2,438	2,395	43
Total County Treasurer	161,846	170,024	159,837	10,187
County Commissioners	102,936	123,936	121,683	2,253
Total County Commissioners	102,936	123,936	121,683	2,253
OSU Extension	93,370	101,110	101,091	19
Capital Outlay	13,500	5,760	5,754	6
Total OSU Extension	106,870	106,870	106,845	25
County Clerk	216,476	230,821	230,784	37
Capital Outlay	10,000	9,855	9,855	
Total County Clerk	226,476	240,676	240,639	37
Court Clerk	170,971	170,971	161,739	9,232
Total Court Clerk	170,971	170,971	161,739	9,232

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



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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	174,800	175,350	171,241	4,109
Total County Assessor	174,800	175,350	171,241	4,109
Revaluation of Real Property	278,766	234,868	210,065	24,803
Total Revaluation of Real Property	278,766	234,868	210,065	24,803
General Government	696,132	763,294	609,947	153,347
Capital Outlay	75,000			
Total General Government	771,132	763,294	609,947	153,347
Excise-Equalization Board	8,300	8,300	5,247	3 053
Total Excise-Equalization Board	8,300	8,300	5,247	3,053
County Election Board	124,434	126,038	118,965	7,073
Capital Outlay	500			
Total County Election Board	124,934	126,038	118,965	7,073
Charity	2,000	2,000	137	1 863
Total Charity	2,000	2,000	137	1,863
Civil Defense	32,063	32,063	32,063	
Capital Outlay	16,000	16,000	16,000	
Total Civil Defense	48,063	48,063	48,063	-
Juvenile Detention	20,000	20,000	19,837	163
Total Juvenile Detention	20,000	20,000	19,837	163
Senior Citizens	3,000	3,000	3,000	
Total Senior Citizens	3,000	3,000	3,000	-
Keddo	1,596	1,596	1,596	
Total Keddo	1,596	1,596	1,596	-
Regional Expo and Fair	12,000	12,000	10,000	2 000
Total Regional Expo and Fair	12,000	12,000	10,000	2,000

continued on next page

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

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

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
County Audit Budget	14,783	14,783	14,783	
Total County Audit Budget	<u>14,783</u>	<u>14,783</u>	<u>14,783</u>	<u>-</u>
County Cemetery	3,000	3,000	3,000	
Total County Cemetery	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Free Fair Budget	6,650	6,650	6,650	
Total Free Fair Budget	<u>6,650</u>	<u>6,650</u>	<u>6,650</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>2,825,978</u>	<u>2,851,453</u>	<u>2,622,113</u>	<u>229,340</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	549,114	<u>\$ 549,114</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			21,679	
Add: Current Year Outstanding Warrants			<u>137,237</u>	
Ending Cash Balance			<u>\$ 708,030</u>	

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

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

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 590,235	\$ 590,235	\$ 590,235	\$ -
Less: Prior Year Outstanding Warrants	(23,452)	(23,452)	(23,452)	
Less: Prior Year Encumbrances	(40,444)	(40,444)	(40,444)	
Beginning Cash Balances, Budgetary Basis	<u>526,339</u>	<u>526,339</u>	<u>526,339</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	346,739	346,739	359,985	13,246
Miscellaneous Revenues		75,516	63,285	(12,231)
Total Receipts, Budgetary Basis	<u>346,739</u>	<u>422,255</u>	<u>423,270</u>	<u>1,015</u>
Expenditures:				
Health and Welfare	520,308	705,824	551,286	154,538
Capital Outlay	352,770	242,770	2,733	240,037
Total Expenditures, Budgetary Basis	<u>873,078</u>	<u>948,594</u>	<u>554,019</u>	<u>394,575</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	395,590	<u>\$ 395,590</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			97,706	
Add: Current Year Outstanding Warrants			10,625	
Ending Cash Balance			<u>\$ 503,921</u>	

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

**PITTSBURG COUNTY, OKLAHOMA  
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

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Beginning Cash Balance	<u>\$ 2,152</u>
Receipts:	
Ad Valorem Tax	<u>24,256</u>
Total Receipts	<u>24,256</u>
Disbursements:	
G.O. Bonds	
County Judgments	
Interest Paid	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 26,408</u>

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
District Court Clerk	\$ 153,816	\$ 955,986	\$ 989,472	\$ 1,590	\$ 121,920
District Court Fund	260,248	2,043,118	1,910,655	3,275	395,986
Court Clerk Revolving Fund	43,048	41,250	14,339		69,959
County Clerk		446,234	446,234		
County Sheriff		107,448	107,448		
County Treasurer Refund	3,404	7,201	8,840	3,257	5,022
Bell Trust Account		3,304			3,304
County Treasurer Resale	103,745	330,114	325,323	7	108,543
County Assessor		12,446	12,446		
District Attorney	96,886	686,545	681,899	1,314	102,846
District Attorney Witness	324	9,275	9,102	516	1,013
District Attorney Restitution	1,772	117,023	115,643	2,918	6,070
Election Board	2,211	96,454	92,726	335	6,274
Health Department		57,271	57,271		
Byrne Account		87,772	87,772		
Restitution and Diversion		236			236
<b>Total Official Depository Accounts</b>	<b>\$ 665,454</b>	<b>\$ 5,001,677</b>	<b>\$ 4,859,170</b>	<b>\$ 13,212</b>	<b>\$ 821,173</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 Pittsburg County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

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

D. Budgetary Policies

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

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

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

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Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

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

F. Risk Management

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

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	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-Insurance	
- Vehicle	Group. (See ACCO-SIG.)	



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

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Summary of Significant Accounting Policies (continued)

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

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

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

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

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year and must be taken during the year earned. Employees with 1 to 10 years of service earn 80 hours per year and employees with 11 plus years of service earn 120 hours per year.

An employee earns up to 12 days of sick leave per year and may accumulate up to 130 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 Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$13,554,980 and the bank balance was \$13,635,820. 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
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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

County Sinking – accounts for the repayment 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.

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

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

Youth Services Grant – accounts for the reimbursement of salaries for youth services from the State of Oklahoma.

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

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

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

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

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

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

McAlester Housing Authority – accounts for the contract payments from the McAlester Housing Authority to the Sheriff's office for performing background checks on applicants.

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

Detailed Notes on Funds and Account Balances (continued)

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

Mechanical Lien Bond – accounts for fees collected for mechanical liens or oil and gas liens.

DHS Attendant Care – accounts for the state contract funds for juvenile care.

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

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

Courthouse Security – accounts for donations from a local organization to purchase security equipment for the courthouse.

Estray Cattle – accounts for the monies received from the sale of stray animals or reimbursement of expenses from the owners of animals. These funds are to be used for the car, transportation, and sale of lost animals.

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

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

Juvenile Incentive Block Grant – accounts for grants to support the programs and services provided at the juvenile detention facility.

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

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

CEL – Corps of Engineers – accounts for monies received from the Corps of Engineers for patrolling services.

DEA – accounts for payments from the Drug Enforcement Agency to the Sheriff's office for deputies' overtime.

Detailed Notes on Funds and Account Balances (continued)

Task Force – accounts for federal grant funds used for the intervention and prevention of narcotics use.

CDBG – accounts for the federal funds received to fund the development and installation of a rural water system in Indianola.

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

Drug Seizure – accounts for monies collected from the disposition of property seized during drug abuse cases.

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

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

Forfeiture – accounts for monies collected from the disposition of property seized during drug abuse cases.

Youth Services Travel – accounts for the state reimbursements for the transportation of juveniles.

Juvenile Detention Building and Maintenance – accounts for state funds held for the maintenance and operation of the Juvenile Detention Building.

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

PEACE – accounts for the District Attorney's federal grant for the prevention of child abuse.

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

Oklahoma Housing Home Program – accounts for the federal funds used to provide assistance for low-income housing.

VAWA – accounts for the District Attorney's federal grant for the prevention of domestic violence against women.

Economic Development Authority – accounts for the bond issue used to promote economic development in Pittsburg County.

Detailed Notes on Funds and Account Balances (continued)

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

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

The following narrative details the official depository accounts.

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

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

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

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

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

County Treasurer Refund – accounts for all collections of taxes and pre-paid mobile homes. Disbursements are for the purpose of refunding overpayment of taxes.

Bell Trust Account – accounts for money held in trust for minors.

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

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

District Attorney – accounts for collections from fines, fees, and forfeitures and disbursements of funds restricted by court orders and states statutes.

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

District Attorney Restitution – accounts for the collection of restitution from defendants that is reimbursed to the victims.

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

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Detailed Notes on Funds and Account Balances (continued)

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

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

Byrne Account – accounts for the federal grant used for the operation of the Drug Task Force.

Restitution and Diversion – accounts for the fees collected for restitution payments.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2002, was approximately \$147,834,386.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.33 mills for general fund operations, 2.58 mills for the county health department, 4.07 mills for the multi-county library, and .17 mills for the county sinking fund. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2003, were approximately 95.65 percent of the tax levy.

PITTSBURG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003

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Detailed Notes on Funds and Account Balances (continued)

D. Pension Plan

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

E. Capital Leases

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

F. Judgment

The County has a judgment which is being retired by a tax levy. The County is obligated to pay the judgment over a three-year period. Due to the nature of the judgment, the County was not required to pay interest on this judgment. The County did not make a payment on this judgment during the fiscal year.

<u>Case Number</u>	<u>Original Judgment</u>
CJ-99-520	\$69,354

Future principal and interest payments that will become due on the existing judgment are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 46,236	\$ _____	\$ 46,236
Total	\$ 46,236	\$ -	\$ 46,236



Detailed Notes on Funds and Account Balances (continued)

G. Fuel Tax

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

4. Contingent Liabilities

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.

**Schedule of Expenditures of Federal Awards**

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through State Department of Commerce:			
Community Development Block Grant	14.228	9787 CDBG 01	\$ 203,936
HOME Investment Partnerships Program	14.239	9015 HOME 02	46,476
Total U.S. Department of Housing and Urban Development			<u>250,412</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Passed Through State Department of Indian Affairs:			
Highway Planning and Construction-BIA-Blanco North Road	20.205	CM GOO 1219 01	132,421
Highway Planning and Construction-BIA-Scipio Road	20.205	CM GOO 1192 00	12,263
Highway Planning and Construction-BIA-Quinton Streets	20.205	CM GOO 1249 02	134,513
Direct Grant:			
Payment in Lieu of Taxes	15.226		83,175
Total U.S. Department of Interior			<u>362,372</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through Oklahoma State Treasurer:			
Juvenile Accountability Incentive Block Grants	16.523	00-JAIBG-25	14,836
Passed Through District Attorneys Council:			
Stop Violence Against Women	16.588	V-01-325	15,212
Stop Violence Against Women	16.588	V-02-367	16,151
Direct Grant:			
Local Law Enforcement Block Grant	16.592	2002 LBBX 2801	12,717
Bulletproof Vest Partnership Program	16.607	2002 BUBX 02013513	3,960
Public Safety Partnership and Community Policing Grants	16.710	1999-UMWX-2931	18,101
Drug Free Communities Support Program	16.729		
Total U.S. Department of Justice			<u>80,977</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through Oklahoma State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	1355 DR	62,566
Emergency Management Performance Grant	83.552		32,321
Total Federal Emergency Management Agency			<u>94,887</u>
Total Expenditures of Federal Awards			<u>\$ 788,648</u>

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

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Pittsburg 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  
PITTSBURG COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Pittsburg County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated March 1, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pittsburg 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*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Pittsburg County in a separate letter dated March 1, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pittsburg 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

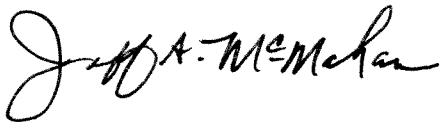
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 2003-1 to be material a weakness.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff A. McMahen". The signature is fluid and cursive, with the first name "Jeff" and last name "McMahen" clearly distinguishable.

JEFF A. McMAHAN  
State Auditor and Inspector

March 1, 2004

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





STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
PITTSBURG COUNTY, OKLAHOMA

Compliance

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

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

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

Internal Control Over Compliance

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

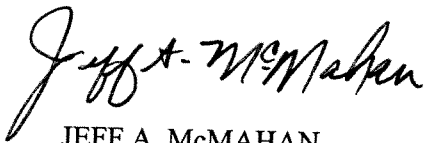
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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

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

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

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

Sincerely,

A handwritten signature in cursive script, reading "Jeff A. McMahen".

JEFF A. McMAHAN  
State Auditor and Inspector

March 1, 2004

### **Schedule of Findings and Questioned Costs**

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

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

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.226	Payments in Lieu of Taxes
20.205	Highway Planning and Construction
83.544	Public Assistance Grants
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	No

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

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

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

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

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

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view.

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

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

No matters were reported.

**Schedule of Prior Year Audit Findings and Questioned Costs**

**PITTSBURG COUNTY, OKLAHOMA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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**Finding 2002-1 – Procurement**

Federal Program: Local Law Enforcement Block Grants Program, CFDA #16.592

Funding Agency: U.S. Department of Justice passed through the District Attorney's Council

Condition: Pittsburg County Sheriff's Office did not bid the purchase of radios and equipment as required by 19 O.S. 2001, § 1501.

Corrective Action Plan: A greater effort will be made to ensure federal expenditures are made in compliance with OMB Circular A-102 Common Rule and state statutes.

No findings of this nature were noted for the fiscal year ending June 30, 2003.

**Statistical Data  
(Unaudited)**



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

<b>TAXPAYER NAME</b>	<b>ASSESSED VALUE</b>	<b>% OF TOTAL NET VALUATION</b>
Public Service Co. of OK	\$ 5,883,770	3.98%
Southwestern Bell	5,638,442	3.82%
Enogex Inc.	3,771,747	2.55%
Reliant Energy	3,168,502	2.14%
Pliant Corp.	2,288,002	1.55%
National Oilwell	2,247,191	1.52%
Union Pacific Corp.	1,685,249	1.14%
Wal-Mart	1,624,425	1.10%
Boeing Co.	1,202,189	0.81%
Komar & Sons Seamprufe Corp.	1,036,384	0.70%
Total	<u>\$ 28,545,901</u>	<u>19.31%</u>

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

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

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Total net assessed value as of January 1, 2002		<u>\$ 147,834,386</u>
Debt limit - 5% of total assessed value		7,391,719
Total bonds outstanding	-	
Total judgments outstanding	46,236	
Less cash in sinking fund	<u>26,408</u>	<u>19,828</u>
Legal debt margin		<u>\$ 7,371,891</u>

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

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	<u>2003</u>
Estimated population	<u>45,953</u>
Net assessed value	<u>\$ 147,834,386</u>
Gross bonded debt	46,236
Less available sinking fund cash balance	<u>26,408</u>
Net bonded debt	<u>\$ 19,828</u>
Ratio of net bonded debt to assessed value	<u>0.01%</u>
Net bonded debt per capita	<u>\$ 0.43</u>

**PITTSBURG COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (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>
2003	\$23,686,328	\$25,335,932	\$111,135,288	\$12,323,162	\$147,834,386	\$1,231,981,138