

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 25, 2004

TO THE CITIZENS OF
ROGERS COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

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

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

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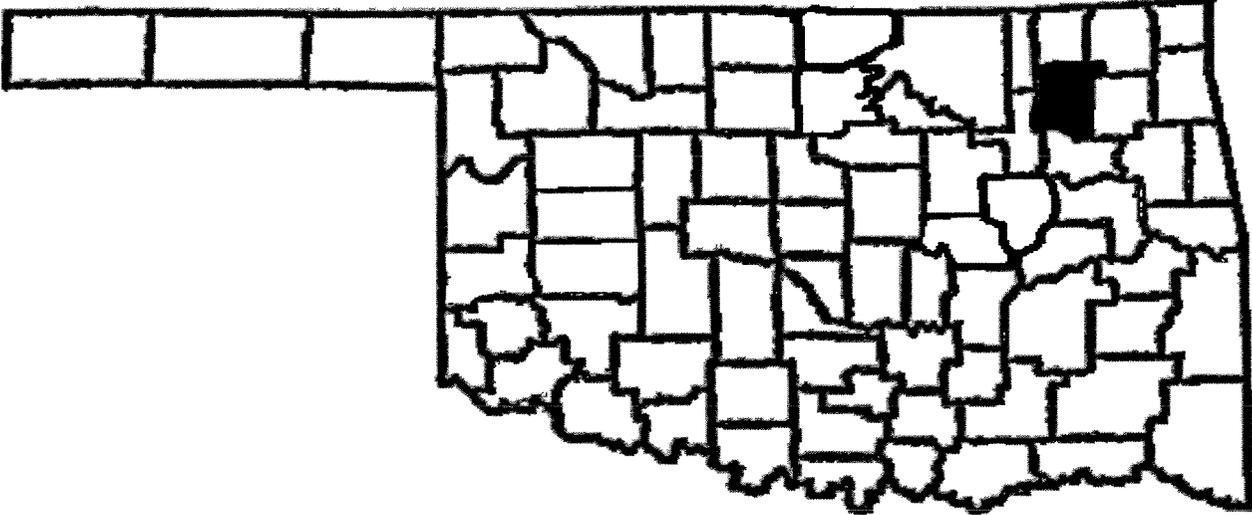
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REPORT TO THE CITIZENS
OF
ROGERS COUNTY, OKLAHOMA



Originally part of the Cherokee Nation, Rogers County was created at statehood, and named for Clem V. Rogers, member of the Oklahoma Constitutional Convention and father of famed Will Rogers.

Claremore, the county seat, was named for the Osage Chief Clermont, killed during the Clermont Mound Massacre. It claims as its own such notables as singer Patti Page and astronaut Stuart Roosa. Lynn Riggs, author of *Green Grow the Lilacs*, from which the musical *Oklahoma!* was adapted, was born three miles from Claremore. J.M. Davis, a local resident, owned a hotel and collected more than 20,000 guns in his lifetime.

Catoosa, now a port, was once a tail terminal which saw the likes of the Daltons, Youngers, Doolins and other outlaws pass through its boundaries. The waterway extends from the Verdigris, Arkansas, and Mississippi rivers to the Gulf of Mexico.

While agriculture is still basic, the mining of coal and shale has also been important to the economy of Rogers County. Points of interest in the county include the Will Rogers Memorial Museum in Claremore, which attracts nearly one million visitors annually; the J.M. Davis Gun Museum; Totem Pole Historical Park located east of Foyil; and the Belvidere Mansion in Claremore. For more information, call the county clerk's office at 918-341-1860.

County Seat – Claremore

Area – 675 Square Miles

County Population – 70,567 (1999 est.)

Farms – 1,408

Land in Farms – 312,870 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

COUNTY ASSESSOR
Kathy Hill
(D) Claremore

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
Andrea Willis
(D) Claremore

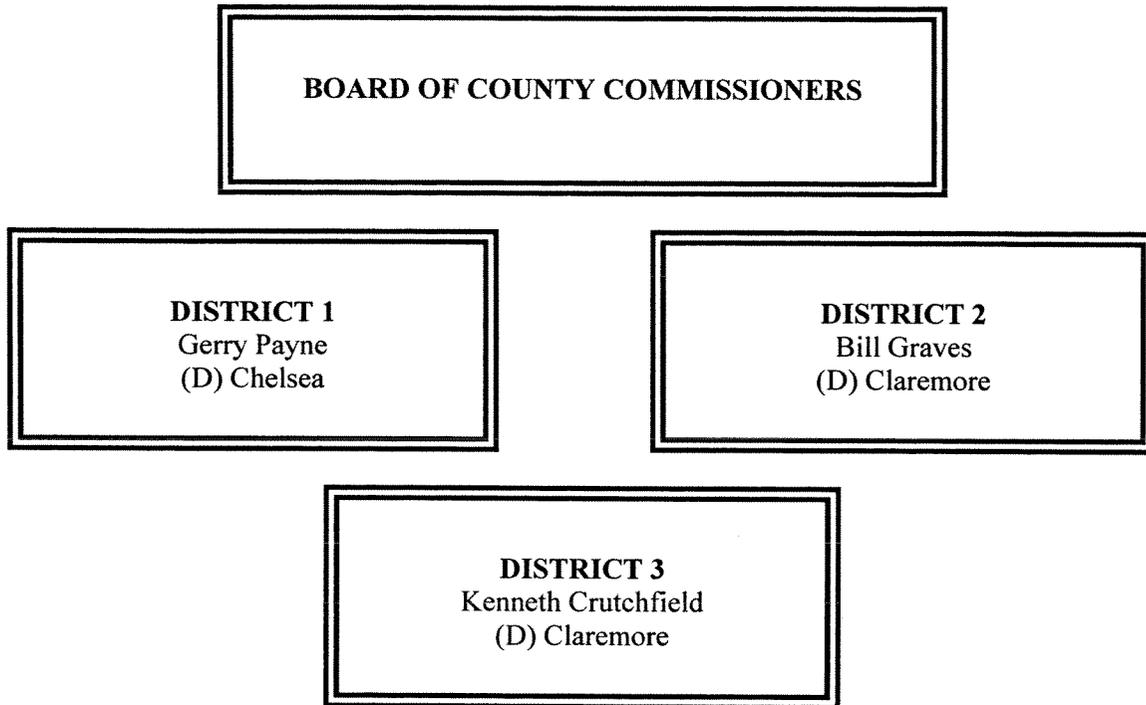
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**ROGERS COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**ROGERS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Jerry W. Prather
(D) Foyil

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
Cathy Pinkerton Baker
(D) Claremore

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.

**ROGERS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Candi Czapansky
(D) Chelsea

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
Gene Haynes
(D) Claremore

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.

ELECTION BOARD SECRETARY

Terri Thomas
(D) Claremore

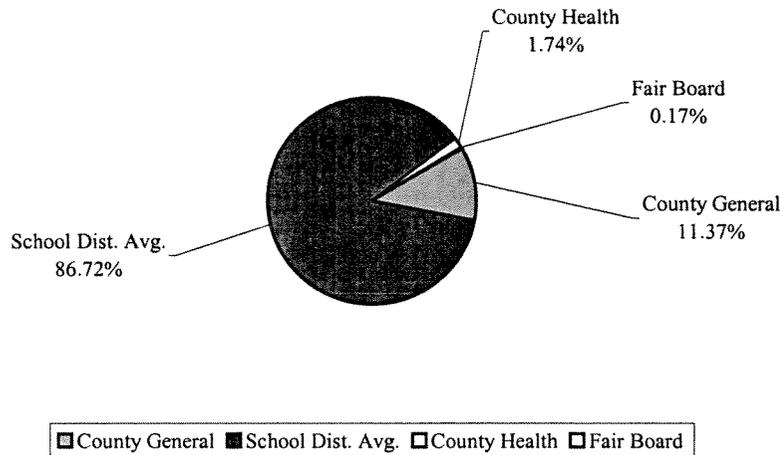
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

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

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career-Tech	Common	Total
Co. General	10.09	Claremore	1	35.97	5.14	28.94	10.27	4.10	84.42
County Health	1.54	Catoosa	2	35.46	5.06	15.65	13.18	4.099	73.449
Fair Board	0.15	Chelsea	3	36.51	5.22	23.56	10.27	4.099	79.659
		Oologah-Talala	4	35.38	5.05	11.04	10.27	4.099	65.839
		Inola	5	36.33	5.19	32.03	10.27	4.099	87.919
		Sequoyah	6	36.69	5.24	23.91	10.27	4.099	80.209
		Foyil	7	36.42	5.20	20.84	10.27	4.099	76.829
		Verdigris	8	35.65	5.09	25.12	10.27	4.099	80.229
		Justus-Tiawah	C009	36.48	5.21	14.02	10.27	4.099	70.079
		Tulsa-Collinsville	JC-6	36.47	5.26	17.26	10.27	4.099	73.359
		Tulsa-Owasso	JC-11	36.81	5.26	28.96	10.27	4.099	85.399
		Mayes	J-32	36.84	5.26	9.62	10.27	4.099	66.089

See independent auditor's report.

Independent Auditor's Report



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
ROGERS COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Rogers County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These special-purpose financial statements are the responsibility of Rogers 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 Rogers 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 Rogers 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 Rogers 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, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2003, on our consideration of Rogers 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.

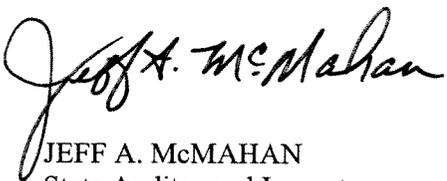
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Rogers County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits 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 other information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

May 12, 2003

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
General Fund	\$ 3,719,060	\$ 10,380,322	\$ 10,704,492	\$	\$ 3,394,890
Highway Cash	1,068,947	3,184,743	3,032,144		1,221,546
Lake Access Project	54,120		54,120		
County Health Department	499,933	688,827	484,291		704,469
Fair Board	38,634	49,681	71,634		16,681
Resale Property	287,761	185,720	181,260		292,221
Civil Defense	9,193	47,881	41,277		15,797
Sheriff Drug Enforcement	3,814	500	948		3,366
Sheriff Revolving	60,183	70,448	120,666		9,965
Sheriff Civil Fees	66,721	202,853	164,501		105,073
Co. Clerk Lien Fees	20,805	17,162	14,062		23,905
Treasurer's Cert. Fees	65,509	33,793	16,935		82,367
Sheriff Beacon Light Fund	36				36
County Clerk Record's Preservation		113,669	990		112,679
Cops Grant	3,747				3,747
Sheriff Jail Account	1,236,828	1,711,429	1,415,653		1,532,604
Justice Bureau Block Grant		12,524	6,551		5,973
RCHFA-Equip & Sign Grid	11,642		11,632		10
Safe Rooms Rebate Program	4,000	4,000	8,000		
Attendant Care	2,163	730	850		2,043
Assessor Visual Inspection	35,656	567	12,066		24,157
Assessor Revolving	10,301	3,816	2,102		12,015
Planning Commission Eng. Fees	5,826	8,000	4,500		9,326
Sheriff Commissary	9,005	9,477	2,872		15,610
County Sinking	29,193	1			29,194
Cities and Towns	28,918	336,696	317,296		48,318
Official Depository	1,263,103	12,986,915	13,045,188	87,946	1,292,776
Cash in Office	1,118				1,118
Co. Clerk Invest.	91,243	16,282	8,764		98,761
Use Tax	21,525	232,771	235,617		18,679
County Deferred Savings Plan	16,760	172,370	135,170		53,960
Clearing Account	268,174	13,778,580	13,900,704		146,050
Community Service	7		7		
Law Library	7,261	48,706	34,693		21,274
Emergency 911	145,220	181,541	217,355		109,406
NW Ambulance Service	326	308,606	308,762		170
Unclaimed Property	67				67
Excess Resale Property Fund	3,124	8,446			11,570
Individual Redemption	504	82,981	82,885		600
Tax Refunds	3,643	18,714	19,243		3,114
Protest Taxes	22,270				22,270
District Court Investments	67,936	2,468			70,404
Fire Districts	5,025	1,786,158	1,786,196		4,987
Schools	201,505	30,444,197	30,450,894		194,808
Total County Funds	\$ 9,390,806	\$ 77,131,574	\$ 76,894,320	\$ 87,946	\$ 9,716,006

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

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

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 3,719,060	\$3,719,060	\$3,719,060	\$
Less: Prior Year Outstanding Warrants	(287,887)	(287,887)	(287,874)	13
Less: Prior Year Encumbrances	(1,071,790)	(1,071,790)	(974,981)	96,809
Beginning Cash Balances, Budgetary Basis	<u>2,359,383</u>	<u>2,359,383</u>	<u>2,456,205</u>	<u>96,822</u>
Receipts:				
Ad Valorem Taxes	3,560,016	3,560,016	3,883,797	323,781
Sales Tax	3,739,276	3,739,276	4,383,313	644,037
Charges for Services	551,961	551,961	687,955	135,994
Intergovernmental Revenues	360,644	1,085,219	1,242,107	156,888
Miscellaneous Revenues	82,023	82,023	183,150	101,127
Total Receipts, Budgetary Basis	<u>8,293,920</u>	<u>9,018,495</u>	<u>10,380,322</u>	<u>1,361,827</u>
Expenditures:				
County Treasurer	367,992	368,636	316,394	52,242
Capital Outlay	1	1		1
Total County Treasurer	<u>367,993</u>	<u>368,637</u>	<u>316,394</u>	<u>52,243</u>
County Clerk	362,092	361,913	343,797	18,116
Capital Outlay	1,244	2,214	2,212	2
Total County Clerk	<u>363,336</u>	<u>364,127</u>	<u>346,009</u>	<u>18,118</u>
Total Court Clerk	<u>231,766</u>	<u>232,412</u>	<u>217,076</u>	<u>15,336</u>
County Assessor	324,713	325,574	293,244	32,330
Capital Outlay	278	278	179	99
Total County Assessor	<u>324,991</u>	<u>325,852</u>	<u>293,423</u>	<u>32,429</u>
Revaluation	445,316	445,316	366,234	79,082
Capital Outlay	3,181	3,181	685	2,496
Total Revaluation	<u>448,497</u>	<u>448,497</u>	<u>366,919</u>	<u>81,578</u>

continued on next page

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	\$ 1,845,728	\$1,828,376	\$1,630,787	\$ 197,589
Capital Outlay	30,000	30,000	5,534	24,466
Total General Government	1,875,728	1,858,376	1,636,321	222,055
Total Excise Board	5,750	5,750	3,385	2,365
County Election Board	166,914	164,696	155,308	9,388
Capital Outlay	66	5,479	5,211	268
Total County Election Board	166,980	170,175	160,519	9,656
Data Processing	80,905	80,905	47,413	33,492
Capital Outlay	30,000	30,000	4,677	25,323
Total Data Processing	110,905	110,905	52,090	58,815
Planning Commission	246,761	246,761	222,778	23,983
Capital Outlay	6,200	6,200	6,141	59
Total Planning Commission	252,961	252,961	228,919	24,042
Total County Audit	63,037	66,248	31,728	34,520
County Sheriff	1,134,490	1,140,490	1,063,338	77,152
Capital Outlay	50,000	50,000	49,498	502
Total County Sheriff	1,184,490	1,190,490	1,112,836	77,654
Total Civil Defense	36,964	42,162	41,975	187
Total Charity	14,820	14,820	2,329	12,491
OSU Extension	108,905	108,905	74,436	34,469
Capital Outlay	6,501	6,501	6,500	1
Total OSU Extension	115,406	115,406	80,936	34,470
County Commissioners	189,179	189,179	186,206	2,973
Capital Outlay	1	1	1	1
Total County Commissioners	189,180	189,180	186,206	2,974
Sales Tax	4,219,137	4,799,048	4,714,421	84,627
Capital Outlay	330,000	471,470	469,898	1,572
Total Sales Tax	4,549,137	5,270,518	5,184,319	86,199
Highway	263,318	263,292	259,429	3,863
Capital Outlay	1	1	1	1
Total Highway	263,319	263,293	259,429	3,864
Cemetary	58,450	65,069	57,984	7,085
Capital Outlay	6,593	6,593	6,593	6,593
Total Cemetary	65,043	65,069	57,984	7,085

continued on next page

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

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

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Provision for Interest on Warrants	\$ 23,000	\$ 23,000	\$ 6	\$ 22,994
Total Expenditures, Budgetary Basis	10,653,303	11,377,878	10,578,803	799,075
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	2,257,724	\$2,257,724
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			643,623	
Add: Current Year Outstanding Warrants			493,543	
Ending Cash Balance			\$3,394,890	

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

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

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 499,933	\$ 499,933	\$ 499,933	\$
Less: Prior Year Outstanding Warrants	(6,823)	(6,823)	(6,823)	
Less: Prior Year Encumbrances	(12,185)	(12,185)	(3,473)	8,712
Beginning Cash Balances, Budgetary Basis	480,925	480,925	489,637	8,712
Receipts:				
Ad Valorem Taxes	543,352	543,352	580,853	37,501
Charges for Services		91,419	91,419	
Intergovernmental Revenues		284	2,618	2,334
Miscellaneous Revenue		13,937	13,937	
Total Receipts, Budgetary Basis	543,352	648,992	688,827	39,835
Expenditures:				
Health and Welfare	645,277	750,917	421,284	329,633
Capital Outlay	379,000	379,000	166,924	212,076
Total Expenditures, Budgetary Basis	1,024,277	1,129,917	588,208	541,709
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	590,256	\$ 590,256
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			65,206	
Add: Current Year Outstanding Warrants			49,007	
Ending Cash Balance			\$ 704,469	

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

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

Beginning Cash Balances	<u>\$ 29,193</u>
Receipts:	
Ad Valorem Taxes	<u>1</u>
Total Receipts	<u>1</u>
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 29,194</u></u>

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County Clerk	\$ 13,308	\$ 833,144	\$ 833,146	\$	\$ 13,306
County Treasurer	79,012	256,601	253,130	5,081	87,564
County Sheriff	11,585	368,454	371,832	3,603	11,810
District Court	662,785	8,805,994	8,763,960	67,942	772,761
Court Fund	247,740	1,498,635	1,588,748	1,308	158,935
Court Clerk Revolving	29,097	36,676	5,071		60,702
County Health Dept.	11,807	107,743	111,043		8,507
District Attorney	205,634	1,031,853	1,066,273	7,285	178,499
Election Board	2,170	44,409	48,614	2,727	692
County Assessor	(35)	3,406	3,371		
Total Official Depository Accounts	\$ 1,263,103	\$ 12,986,915	\$ 13,045,188	\$ 87,946	\$ 1,292,776

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 Rogers 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.

Summary of Significant Accounting Policies (continued)

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.

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 the county health department, 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

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 interest-bearing demand accounts at June 30, 2002.

F. Risk Management

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

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County carries	A judgment could be
- Torts	commercial insurance for	assessed for claims in
- Errors and Omissions	these types of risk.	excess of coverage.
- Law Enforcement		
- Vehicle		

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 carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

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, 2002.

G. 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. In management's opinion, the amount of accumulated unpaid vacation benefits is not material to the financial statements for the fiscal year ended June 30, 2002.

An employee earns up to 10 days per year of sick leave and may accumulate up to 60 days. When more than 60 days are accumulated, the amount over 60 is put into a sick leave bank and will be used by the employee for retirement purposes only. There is no history of sick leave usage from which to project future usage; hence, no liability for such has been recorded.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$9,716,006 and the bank balance was \$9,810,830.19. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

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

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

B. Description of Funds

General Fund – revenues are from ad valorem taxes, sales tax, officers' fees, interest earnings and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

Lake Access Project – revenues are from a state grant. Disbursements are made to repair and rebuild roads around county lakes.

County Health Department – revenues are from ad valorem taxes, miscellaneous fees charged by the health department and state and federal funds. Disbursements are for the operation of the county health department.

Fair Board - revenues are from ad valorem taxes and miscellaneous collections. Disbursements are for the operations of the county fair.

Resale Property – revenues are from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Detailed Notes on Account Balances (continued)

Civil Defense – revenues are from state and federal funds. Disbursements are for emergency management services.

Sheriff Drug Enforcement – revenues are from the sale of property forfeited in drug cases. Disbursements are for officer training, equipment, and crime prevention.

Sheriff Revolving – revenues are from the Department of Corrections for reimbursement for keeping inmates. Disbursements were made for maintenance of inmates within the jail (clothing, beds, etc).

Sheriff Civil Fee – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

County Clerk Lien Fee – revenues are from a fee charged by the Clerk for filing liens. Disbursements are for any lawful expense of the Clerk's office.

Treasurer's Certification Fee – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

Sheriff Beacon Light Fund – revenues are from donations from people in the community. Disbursements are made for the purchase of blinking light bulbs for elderly people in the community.

County Clerk Record's Preservation – revenues are from a fee charged by the Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

Sheriff COPS Program – balance of a federal grant received for the payroll of Sheriff's officers.

Sheriff Jail Account – revenues are from a county sales tax. Disbursements are for the maintenance and operation of the jail, salaries, food, medical expenses, board of prisoners, and travel.

Justice Bureau Block Grant – revenues are from a federal grant from the Bureau of Justice. Disbursements are for equipment (rifles, sirens) and other capital outlay.

RCHFA – Equipment & Sign Grid – revenues are from interest earned by the Home Finance Authority. Disbursement of balance was made to T-Highway.

Safe Room Rebate Program – revenues are from a state grant. Disbursements were to individuals constructing storm shelters.

Detailed Notes on Account Balances (continued)

Attendant Care - revenues are from state funds. Disbursements are for the payment to counselors to set with and spend time with juveniles.

Assessor's Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-valuation of all county property for ad valorem purposes.

Assessor's Revolving – revenues are from fees charged by the County Assessor (copies, etc.). Disbursements are for any legal expenses of the Assessor's office.

Planning Commission Engineering Fees – revenues are from building permits, licenses, and engineering fees. Individuals put up \$500 for projects. Disbursements are made back to individuals once projects are approved.

Sheriff Commissary – revenues are from profits on commissary sales in the county jail. Disbursements are for jail improvements.

County Sinking – revenues are from an ad valorem levy and residual funds. Disbursements are for the payment of county judgments.

Cities and Towns – All funds collected on behalf of cities and towns are recorded in this fund and remitted to the individual cities and towns monthly.

Official Depository – All officers and agencies collecting fees deposit those fees to this account daily. At the end of each month the fees are distributed to the appropriate fund or agency.

Cash in Office – accounts for change funds held by various county offices.

County Clerk Investment – revenues are from the interest on the investment of County Clerk's liens. Disbursements are normally not made out of the account.

County Use Tax – revenues are from sales tax charged to out-of-county vendors on in-county sales. Disbursements are for any legal expense of the County.

County Deferred Savings Plan – funds are allocated from the general fund to match county employee money for deferred savings. Disbursements are made for funds matched to each employee who chooses to contribute to their deferred plan.

Clearing Account – revenues are from all direct deposits for the County, transfers and refunds. Disbursements are for transfers out of all funds deposited.

Detailed Notes on Account Balances (continued)

Community Service – revenues are from state funds reimbursing the expenses of operating a community service sentencing program. Disbursements are for any activity or equipment needed for the people fulfilling community service sentences.

Law Library – revenues are from an annual payment from the courts. Disbursements are for the operation of the county law library.

Emergency 911 – revenues are from telephone tariff charges for implementing 911 service in Rogers County. Disbursements are for the engineering, installation, administration, and other recurring costs necessary to implement, administer, operate, and maintain the emergency 911 county system.

NW Ambulance Service – revenues are from ad valorem taxes collected for the Emergency Medical Service. These collections are remitted to the EMS monthly.

Unclaimed Property – accounts for funds to be refunded to the property owner if they can be located.

Excess Resale Property Fund – revenues are from funds collected in excess of taxes owed when the County sells property for taxes. Disbursements are to the original landowner or eventually transferred to County Sinking.

Individual Redemption – revenues are from taxpayers who redeem tax certificates previously sold on their property. Disbursements are to reimburse the certificate holders for taxes paid, interest, penalties, and cost.

Tax Refunds – revenue are from overpayments of ad valorem taxes. Disbursements are to the original payer.

Protest Taxes – Ad valorem taxes paid under protest are held in this account until a court order is issued for their dispersal.

District Court Investments – case balances invested by order of the courts.

Fire Districts – funds collected for local fire districts and remitted to them monthly.

Schools – All funds collected on behalf of the county schools are recorded in this fund and remitted to the individual schools monthly.

Detailed Notes on Account Balances (continued)

The following narrative details the official depository accounts.

County Clerk - accounts for the collection of filing fees and is transferred to the appropriate entity monthly.

County Treasurer - accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile home taxes, and the sale of motor vehicle tax stamps. Disbursements are for the purpose of refunds, tax payments, Oklahoma Tax Commission, and Treasurer's Mortgage Tax Certification Fees.

County Sheriff - accounts for the collection of cash bonds transferred to courts.

District Court Clerk - accounts for the collection of bonds, fines, and fees. Money is disbursed for fees and restitution.

Court Fund - accounts for fees transferred from the Court Clerk account and interest earnings. Disbursements are for operating expense of the Court Clerk's office.

Court Clerk's Revolving Cash - revenues are from charges for each warrant. Disbursements are for any legal expense of the Court Clerk's office.

County Health - accounts for fees charged by the county health department. Disbursements are to the county health department budget account monthly.

District Attorney - accounts for the collection of all District Attorney fees and the subsequent disbursement for remittance of these fees.

County Election Board - accounts for reimbursements for election cost and is disbursed for election board operations.

County Assessor - accounts for fees charged by the County Assessor and remitted to the Assessor's Revolving Fund monthly.

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

Detailed Notes on Account Balances (continued)

which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2001, was approximately \$388,108,811.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.09 mills (the legal maximum) for general fund operations, 1.54 mills for the county health department, and .15 mill for Free Fair Board. 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.

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.

E. 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

Detailed Notes on Account Balances (continued)

population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County highway fund.

4. Contingent Liabilities

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

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

5. Sales Tax

The voters of Rogers County approved an extension of a 1% sales tax effective March 10, 1998. This sales tax will expire in 2003. The sales tax was established to provide revenue for the construction, operation, and maintenance of the County road and bridge system.

The voters of Rogers County approved a ½% sales tax effective May 1, 1997, continuing thereafter, but reducing to 1/3% by 2015 or by the date of the payment of all indebtedness. The sales tax was established to provide revenue for acquiring a site and erecting, furnishing, equipping, operating, and maintaining a county jail.

Sales tax revenue received by Rogers County is paid to the Rogers County Criminal Justice Authority who maintains responsibility for the administration of such revenue for operating and maintaining the county jail.

The following is a summary of the sales tax revenue and how it was appropriated to the Highway Department and paid to the Rogers County Criminal Justice Authority for the fiscal year ended June 30, 2002:

Roads and Bridges	\$4,383,314
Jail (RCCIA)	<u>2,191,656</u>
Total	<u>\$6,574,970</u>

Schedule of Expenditures of Federal Awards

ROGERS COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
 <u>U.S. DEPARTMENT OF JUSTICE</u>		
Direct from U.S. Department of Justice:		
Local Law Enforcement Block Grant	16.592	\$ 6,551
Total U.S. Department of Justice		<u>6,551</u>
 <u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>		
Passed through Oklahoma State Department of Civil Emergency Management:		
Public Assistance Grant	83.544	419,568
Hazard Mitigation Grant	83.548	<u>6,000</u>
Total Federal Emergency Management Agency		<u>\$ 425,568</u>
 Total Expenditures of Federal Awards		 <u>\$ 432,119</u>

ROGERS COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2002

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Rogers 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
ROGERS COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Rogers County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated May 12, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rogers County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-2 and 02-1.

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 believe that none of the conditions described above is a material weakness.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMAHAN". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

May 12, 2003

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
ROGERS COUNTY, OKLAHOMA

We have audited the compliance of Rogers 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, 2002. Rogers 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 Rogers County's management. Our responsibility is to express an opinion on Rogers County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Rogers County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Rogers County's compliance with those requirements.

In our opinion, Rogers County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

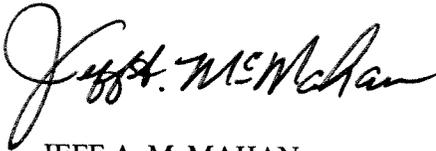
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

May 12, 2003

Schedule of Findings and Questioned Costs

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

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? No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes

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

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

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 98-2 – Segregation of Duties (Repeat Finding)

Criteria: Management's accounting for funds should demonstrate accountability and stewardship. To ensure proper accounting for 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 receipting, recording, and depositing collections were not adequately segregated.

Effect: This condition could result in unrecorded transactions, misstated financial reports, errors, or misappropriation of assets.

Recommendation: Management should be aware of this condition 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 periodic review of those operations.

Management's Corrective Action Plan:

Contact Person: Bill Graves, Gerry Payne, and Randy Baldrige, Commissioners

Anticipated Completion Date: Not applicable.

Corrective Action Planned: We agree the duties of receiving, receipting, and depositing cash and checks should be segregated. The County acknowledges this condition and understands the risks associated with it. We plan to discuss the 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 02-1 – Bank Reconciliations

Criteria: Management's accounting for funds should demonstrate accountability and stewardship. To help ensure a proper accounting of funds, a bank reconciliation should be performed on a monthly basis. The reconciliation should then be reviewed by someone other than the person who performed it, and the review of the reconciliation should be documented.

Condition: Bank reconciliations are not being performed on a monthly basis. At the beginning of fieldwork, Rogers County had not completed bank reconciliations for the prior year audit period. Although all monthly reconciliations were completed by the end of the fieldwork for the fiscal year under audit, a review of the reconciliation had not been documented by anyone other than the preparer.

Effect: This element of internal control is not effective and could result in errors and misstated financial reports.

Recommendation: The County Treasurer should be performing bank reconciliations on a monthly basis. In addition, a review of the reconciliation should be made by someone other than the preparer and that review should be documented by signature and date of approval.

Management's Corrective Action Plan:

Contact Person: Cathy Pinkerton Baker, Rogers County Treasurer

Anticipated Completion Date: Immediately

Corrective Action Planned: The Treasurer verbally acknowledged her willingness to implement necessary measures to correct the problems identified by the State Auditor's Office.

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

No matters were reported.

**Statistical Data
(Unaudited)**

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

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1. Agricultural Minerals Ltd.	11,239,446	2.90%
2. Blue Circle Inc.	6,960,052	1.79%
3. ASEC Manufacturing	3,983,754	1.03%
4. Centrilift Hughes Pump	2,681,934	.69%
5. Amsted Industries	2,299,000	.59%
6. International Tubular Prod.	1,757,172	.45%
7. Hughes Tool Co.	1,584,227	.41%
8. Terra Nitrogen Corp.	1,090,352	.28%
9. Steel Pipe & Supply	1,306,303	.34%
10. Valmont Industries Inc.	<u>1,045,394</u>	<u>.27%</u>
TOTAL	<u>\$ 33,947,634</u>	<u>8.75%</u>

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

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

Total net assessed value as of January 1, 2001		<u>\$ 388,108,811</u>
Debt limit – 5 % of total assessed value		\$ 19,405,441
Total bonds outstanding	-	
Total judgments outstanding	- _____	- _____
Legal debt margin		<u>\$ 19,405,441</u>

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

	2002
Estimated population	70,567
Net assessed value as of January 1, 2001	\$ 388,108,811
Gross bonded debt	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

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

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1-1-01	\$61,517,480	\$105,105,024	\$238,898,915	\$17,412,608	\$388,108,811	\$3,528,261,918