

**SEMINOLE 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

September 10, 2004

TO THE CITIZENS OF  
SEMINOLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Seminole 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 black ink that reads "Jeff A. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

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

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

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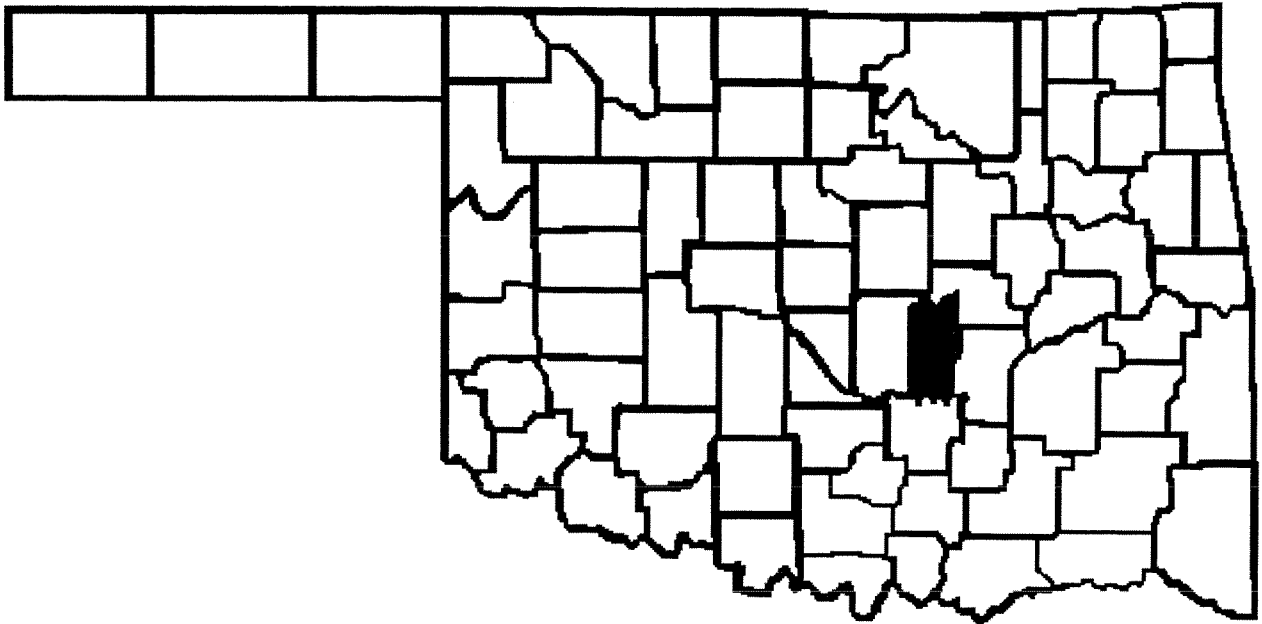
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REPORT TO THE CITIZENS  
OF  
SEMINOLE COUNTY, OKLAHOMA

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Taking its name from a Creek word meaning “runaway” or “those who camp at a distance,” this county was originally part of the Seminole Nation, Indian Territory. As a result of a treaty with the Creeks in 1856, the Seminoles received an estimated 2,169,080 acres of land in the Indian Territory where they could establish their own government and laws. They were the last of the Five Civilized Tribes to organize their government in this region.

Although oil exploration began near Wewoka as early as 1902, it was not until 1923 and the discovery of the Greater Seminole field that the county experienced an economic boom. By September 1929, this became the premier high-gravity oil field in the United States. Now, agriculture and manufacturing also contribute to the economy.

Businesses engaged in the production of clothing, oil field chemicals and tanks, air blasting equipment, and others are located in the area. Seminole State College continues the tradition first exemplified by the founding of the Mekasukey Academy for Seminole boys in 1891 and the Emahaka Boarding School for Seminole girls in 1893.

Sources for recreational activities include area lakes, as well as public golf courses in Seminole and Wewoka. For more information, call the county clerk’s office at 405-257-2501.

County Seat – Wewoka

Area – 632.5 Square Miles

County Population - 24,894 (2000 est.)

Farms – 1,018

Land in Farms - 277,535 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor’s report.

**SEMINOLE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**

Sharon Butler  
(D) Wewoka

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**

Tim Anderson  
(D) Wewoka

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.

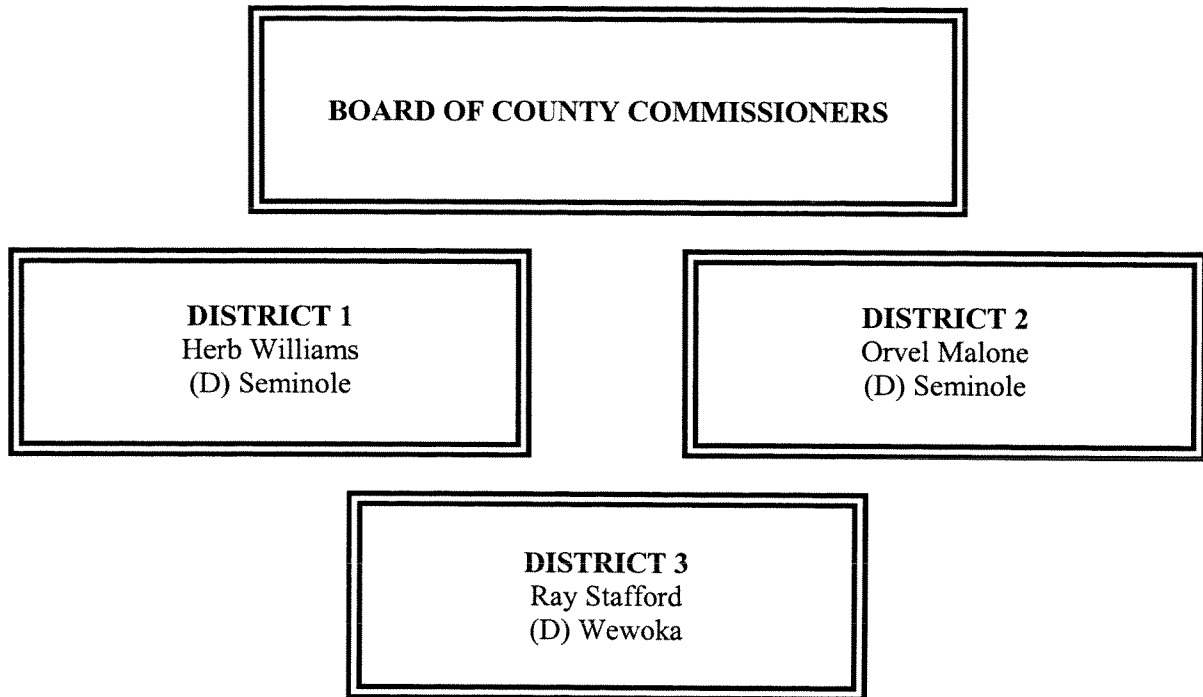
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**SEMINOLE 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.

**SEMINOLE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**

Joe Craig  
(D) Seminole

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**

Jim Hardin  
(D) Seminole

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.



**SEMINOLE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Sharon Post  
(D) Seminole

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**  
William Peterson  
(D) Ada

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.

**SEMINOLE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

Mary Jo Rains  
(D) Konawa

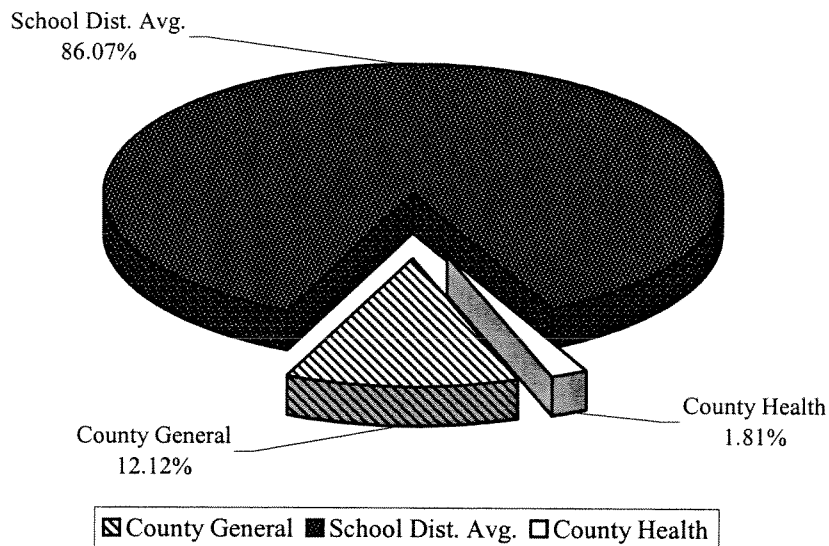
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**SEMINOLE 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								
								Tech Cntr		
		Gen.	Bldg.	Skp.	Tech Cntr	Bldg.	Common	Total		
Co. General	10.44									
County Health	2.61									
		Seminole	I-1	36.17	5.17	16.54	10.50	5.25	4.18	77.81
		Wewoka	I-2	36.99	5.28	27.70	10.50	5.25	4.18	89.90
		Bowlegs	I-3	37.57	5.37	16.50	10.50	5.25	4.18	79.37
		Konawa	I-4	35.45	5.06	12.35			4.18	57.04
		PI Grove	I-5	37.83	5.40		10.50	5.25	4.18	63.16
		New Lima	I-6	37.59	5.37	15.58	10.50	5.25	4.18	78.47
		Varnum	I-7	38.33	5.48		10.50	5.25	4.18	63.74
		Sasakawa	I-10	37.91	5.42	14.30	10.83	2.00	4.18	74.64
		Strother	I-14	39.28	5.61	7.67	10.50	5.25	4.18	72.49
		Butner	I-15	38.11	5.44	19.19	10.50	5.25	4.18	82.67
		Justice	I-54	38.16	5.45		10.50	5.25	4.18	63.54
		Maud	I-117	37.83	5.40	22.08	10.50	5.25	4.18	85.24

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  
SEMINOLE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Seminole 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 Seminole 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 Seminole 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 Seminole 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 Seminole County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 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 July 1, 2004, on our consideration of Seminole 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.

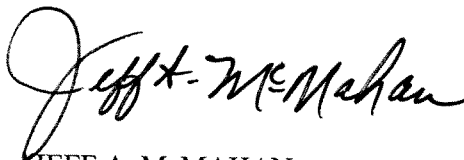
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Seminole County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

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

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

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

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 1, 2004

## **Special-Purpose Financial Statements**

**SEMINOLE 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
County General Fund	\$ 412,951	\$ 1,534,177	\$ 1,692,747	\$ 254,381
County Highway	908,959	2,771,548	2,908,790	771,717
Resale Property	30,947	93,750	100,132	24,565
County Health	413,948	255,761	226,004	443,705
County General Sales Tax	131,384	141,722	212,137	60,969
Highway Sales Tax	191,774	445,167	447,143	189,798
Sheriff Sales Tax	104,636	141,722	153,941	92,417
Treasurer Mortgage Fees	10,763	6,055	4,982	11,836
Emergency 911	109,535	100,479	67,889	142,125
County Clerk Lien Fee	7,725	9,981	6,146	11,560
Community Service	1,310			1,310
County Insurance Fund	71			71
Sheriff Service Fees	98,145	160,592	187,170	71,567
Sheriff OG&E	21,826	54,226	60,600	15,452
Sheriff Transport B-4	52,403	152,020	111,228	93,195
Civil Defense	2,040	500		2,540
Law Enforcement Grant	56			56
LEPC	347	2,140		2,487
Flood Plain	300	30		330
Solid Waste - Trash Fund	969	8,978	6,777	3,170
CDBG Home Grant		156,000	156,000	
Sheriff DOC	2,115		2,115	
COPS UHA	8,907	11,396	19,920	383
Teen Court	2			2
CDBG District #2		147,908	128,528	19,380
CDBG Rural Water District #1	28,026	38,355	64,947	1,434
911 Grant	87			87
Assessor Revolving	4,491	9,419	3,665	10,245
Domestic Violence	1,373		1,373	
COPS in Schools	13,015	172,258	134,871	50,402
County Clerk Preservation	36,816	35,612	19,400	53,028
Special Road Project - BIA		45,720	32,400	13,320
CDBG Building Grant #9994		49,250	44,091	5,159
Hazard Mitigation		10,000	10,000	
LLEBG		5,400	5,400	
Official Depository	388,703	2,482,761	2,404,822	466,642
Schools	1,288,719	9,008,439	8,580,972	1,716,186
Cities and Towns	43,337	523,162	552,237	14,262
Excess Resale	1,107		1,107	
Individual Redemption	3,997	5,083	5,321	3,759
Law Library	4,369	24,967	24,576	4,760

continued on next page

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



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

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
Protest Tax		192,318		192,318
Tax Refund	638	4,294	4,877	55
County Clerk Petty Cash	60			60
Sheriff Estray Cattle	1,450			1,450
Sheriff Commissary		9,135	4,136	4,999
<b>Total County Funds</b>	<b>\$ 4,327,301</b>	<b>\$ 18,810,325</b>	<b>\$ 18,386,444</b>	<b>\$ 4,751,182</b>

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

**SEMINOLE 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	\$ 412,951	\$ 412,951	\$ 412,951	\$
Less: Prior Year Outstanding Warrants	(82,023)	(82,023)	(81,983)	40
Less: Prior Year Encumbrances	(20,298)	(20,298)	(19,867)	431
Beginning Cash Balances, Budgetary Basis	<u>310,630</u>	<u>310,630</u>	<u>311,101</u>	<u>471</u>
Receipts:				
Ad Valorem Taxes	874,475	874,475	944,322	69,847
Charges for Services	107,690	107,690	109,514	1,824
Intergovernmental Revenues	350,288	350,288	361,488	11,200
Miscellaneous Revenues	126,442	126,742	118,853	(7,889)
Total Receipts, Budgetary Basis	<u>1,458,895</u>	<u>1,459,195</u>	<u>1,534,177</u>	<u>74,982</u>
Expenditures:				
District Attorney	3,500	3,500	2,855	645
Total District Attorney	<u>3,500</u>	<u>3,500</u>	<u>2,855</u>	<u>645</u>
County Sheriff	293,256	293,858	293,847	11
Capital Outlay	2,000	1,398	1,398	
Total County Sheriff	<u>295,256</u>	<u>295,256</u>	<u>295,245</u>	<u>11</u>
County Treasurer	83,992	83,992	83,867	125
Capital Outlay	1,500	1,500		1,500
Total County Treasurer	<u>85,492</u>	<u>85,492</u>	<u>83,867</u>	<u>1,625</u>
County Commissioners	26,900	26,900	25,294	1,606
Capital Outlay	1	1		1
Total County Commissioners	<u>26,901</u>	<u>26,901</u>	<u>25,294</u>	<u>1,607</u>
OSU Extension	81,605	81,605	81,438	167
Capital Outlay	1	1		1
Total OSU Extension	<u>81,606</u>	<u>81,606</u>	<u>81,438</u>	<u>168</u>
County Clerk	150,029	150,029	148,607	1,422
Capital Outlay	1	1		1
Total County Clerk	<u>150,030</u>	<u>150,030</u>	<u>148,607</u>	<u>1,423</u>

continued on next page

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

**SEMINOLE 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
Court Clerk	103,110	103,110	99,980	3,130
Total Court Clerk	103,110	103,110	99,980	3,130
County Assessor	120,446	120,446	118,825	1,621
Capital Outlay	1	1		1
Total County Assessor	120,447	120,447	118,825	1,622
Revaluation of Real Property	330,759	330,759	327,511	3,248
Capital Outlay	1	1		1
Total Revaluation of Real Property	330,760	330,760	327,511	3,249
General Government	189,805	189,805	165,210	24,595
Total General Government	189,805	189,805	165,210	24,595
Excise-Equalization Board	3,900	3,900	3,851	49
Total Excise-Equalization Board	3,900	3,900	3,851	49
County Election Board	52,551	52,851	52,808	43
Capital Outlay	1	1		1
Total County Election Board	52,552	52,852	52,808	44
Insurance	282,000	282,000	250,621	31,379
Total Insurance	282,000	282,000	250,621	31,379
County Audit Budget	9,214	9,214	9,214	
Total County Audit Budget	9,214	9,214	9,214	-
County Cemetery	26,152	26,152	17,068	9,084
Total Cemetery	26,152	26,152	17,068	9,084
Free Fair Budget	8,800	8,800	7,027	1,773
Total Free Fair Budget	8,800	8,800	7,027	1,773
Provision for Interest on Warrants			1,758	(1,758)

continued on next page

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

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

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
Total Expenditures, Budgetary Basis	<u>1,769,525</u>	<u>1,769,825</u>	<u>1,691,179</u>	<u>78,646</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	154,099	<u>\$ 154,099</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			12,819	
Add: Current Year Outstanding Warrants			87,463	
Ending Cash Balance			<u>\$ 254,381</u>	

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

**SEMINOLE 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	\$ 413,948	\$ 413,948	\$ 413,948	\$
Less: Prior Year Outstanding Warrants	(17,244)	(17,244)	(17,199)	45
Less: Prior Year Encumbrances	(35,018)	(35,018)	(13,609)	21,409
Beginning Cash Balances, Budgetary Basis	<u>361,686</u>	<u>361,686</u>	<u>383,140</u>	<u>21,454</u>
Receipts:				
Ad Valorem Taxes	218,619	218,619	236,081	17,462
Miscellaneous Revenues	-	10,233	19,680	9,447
Total Receipts, Budgetary Basis	<u>218,619</u>	<u>228,852</u>	<u>255,761</u>	<u>26,909</u>
Expenditures:				
Health and Welfare	320,000	330,233	298,690	31,543
Capital Outlay	260,305	260,305	3,169	257,136
Total Expenditures, Budgetary Basis	<u>580,305</u>	<u>590,538</u>	<u>301,859</u>	<u>288,679</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	337,042	<u>\$ 337,042</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			104,104	
Add: Current Year Outstanding Warrants			2,559	
Ending Cash Balance			<u>\$ 443,705</u>	

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

**SEMINOLE 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
Court Clerk - Wewoka	\$ 72,599	\$ 787,520	\$ 791,455	\$ 26,571	\$ 95,235
Court Fund	553	497,163	477,989	1,625	21,352
District Attorney Bogus Check	16,803	210,776	218,291	955	10,243
County Clerk	15,363	178,653	178,000		16,016
County Sheriff - Special	1,248	6,388	6,750		886
Court Clerk - Seminole	171,851	465,894	435,326	134	202,553
County Sheriff	132	23,845	23,671	260	566
County Treasurer	28,584	45,769	34,710	503	40,146
County Health Department		15,211	15,211		
County Election Board	82	35,567	36,532	883	
District Attorney Court Ordered	22,633	45,371	52,875	6,188	21,317
District Attorney Evidence Fund	91	400			491
District Attorney Drug Enforcement	7,972	47,170	49,829	10,000	15,313
District Attorney Witness Fund	3,574	32,174	35,753	200	195
Seminole SCS-00-11	1,758	11	1,769		
WEW-CJ-99-56		7,719	7,719		
Sheriff Drug - Federal	1,211	410	1,572		49
Sheriff Drug	1,175	1,667	2,300		542
Sheriff Training	2,077	50	228		1,899
Sheriff Service Fee	685	8,727	8,280		1,132
County Fair	5,762	3,780	5,457		4,085
Revolving Court Fund	1,891	15,655	13,647	388	4,287
County Assessor		9,419	9,419		
County Clerk Special	31,250	325	31,575		
Incarceration Costs	553	1,232			1,785
Sheriff Estray	856	627	1,483		
DPA		3,334	955		2,379
MDT-CAMA Fund		26,839	668		26,171
Sheriff Commissary		11,065	11,136	71	
<b>Total Official Depository Accounts</b>	<u>\$ 388,703</u>	<u>\$ 2,482,761</u>	<u>\$ 2,452,600</u>	<u>\$ 47,778</u>	<u>\$ 466,642</u>

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

## **Notes to the Financial Statements**

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

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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 Seminole County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

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

D. Budgetary Policies

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

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



Summary of Significant Accounting Policies (continued)

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

The 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.)	

**SEMINOLE 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

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. All full-time Seminole County employees shall be entitled to annual leave that is accrued on an annual basis in accordance with the schedule outlined below:

ACCRUAL RATES

<u>Years of Service</u>	<u>Annual Leave</u>
1-5 years	80 hours
Over 5 years	120 hours

The County does not record any liability for sick leave. An employee earns up to 12 days per year and may accumulate up to 60 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$4,751,182 and the bank balance was \$4,807,260. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts

Detailed Notes on Funds and Account Balances (continued)

- 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

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

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

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

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

County General Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Highway Sales Tax – accounts for the collection of sales tax revenue and the disbursements of funds as restricted by the sales tax resolution.

Sheriff Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Treasurer Mortgage Fees – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements of the funds restricted by statutes.

Emergency 911 – accounts for monies received from private telephone companies for the operation of emergency 911 services.

County Clerk Lien Fee – accounts for lien collections and disbursements of sheriff process service fees as restricted by statutes.

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

Detailed Notes on Funds and Account Balances (continued)

County Insurance Fund – established to administer the County’s self-insurance and accounts for insurance receipts and disbursements.

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

Sheriff OG&E – accounts for payments from OG&E for deputies’ salaries for patrolling OG&E premises and the surrounding area.

Sheriff Transport B-4 – accounts for the monies received from the State of Oklahoma for the boarding and feeding of DOC prisoners and for service fees received for transportation of inmates and juveniles.

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

Law Enforcement Grant – accounts for grant monies received from the U.S. Department of Justice Local Law Enforcement Block Grant Program used for the Sheriff’s office.

LEPC – accounts for state funds received for local emergency planning.

Flood Plain – accounts for fees collected from inspections and assessments of flood plain areas and is used for the general operations of the emergency management office.

Solid Waste – Trash Fund – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

CDBG Home Grant – accounts for federal grant monies received for the construction of homes for qualified applicants within the County.

Sheriff DOC – accounts for the monies received from the State of Oklahoma for the boarding and feeding of DOC prisoners.

COPS UHA – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Services Program used for deputies’ salaries in the Sheriff’s office.

Teen Court – accounts for the remaining match funds for a federal grant for juvenile court.

CDBG District #2 – accounts for federal grant funds received for the purpose of constructing water lines in Rural Water District #2.

Detailed Notes on Funds and Account Balances (continued)

CDBG Rural Water District #1 - accounts for federal grant funds received for the purpose of constructing water lines in Rural Water District #1.

911 Grant – accounts for the remaining match from a state grant from the Corporation Commission for the development of an emergency 911 system.

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

Domestic Violence – accounts for remaining match funds received from the U.S. Department of Justice disbursed as restricted by the grant agreement.

COPS in Schools – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Services Program used for deputies' salaries in the public school system.

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

Special Road Project – BIA – accounts for federal grant funds from the Bureau of Indian Affairs used for special road projects.

CDBG Building Grant #9994 – accounts for federal grant funds received for the purpose of updating county barns.

Hazard Mitigation – accounts for the federal funds passed through the Oklahoma Department of Civil Emergency Management for the purpose of avoiding or limiting the impact of natural hazards.

LLEBG – accounts for grant monies received from the U.S. Department of Justice Local Law Enforcement Block Grant Program used for the Sheriff's office.

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

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

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

Excess Resale – accounts for the proceeds of sale of property in excess of tax against property to be held in trust for a two-year period.

Detailed Notes on Funds and Account Balances (continued)

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

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

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

Tax Refund – accounts for reimbursements to taxpayers for overpayment of taxes.

Court Clerk Petty Cash – accounts for County Clerk’s cash on hand.

Sheriff 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 care, transportation, and sale of lost animals.

Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust money for commissary items and disbursements of funds are restricted by state statute.

The following narrative details the official depository accounts.

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

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.

District Attorney Bogus Check – accounts for the collection of district attorney fees transferred from the merchant account and disbursement of funds restricted by state statutes.

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

County Sheriff - Special – accounts for all collection of foreign service fees and private donations. Monies are vouchered out at the end of the month to the sheriff service fee account and Court Clerk.

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

County Sheriff – accounts for the collection of cash bonds. Monies are vouchered out at the end of the month to the Court Clerk or returned to the defendant.

Detailed Notes on Funds and Account Balances (continued)

County Treasurer – accounts for the overpayments of ad valorem taxes, tax payments made under protest, collection of motor vehicle stamps, and the collection of pre-paid mobile home taxes.

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

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

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

District Attorney Evidence Fund – accounts for fees paid by defendants for the purpose of presenting evidence for jury trials.

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

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

Seminole SCS-00-11 – accounts for monies held in trust for ongoing court case.

WEW – CJ-99-56 – accounts for monies held in trust for ongoing court case.

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

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

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.

Sheriff Service Fee – accounts for all collection of foreign service fees. Monies are vouchered out at the end of the month to the sheriff service fee account and Court Clerk.

County Fair – accounts for entry fees and donations used for fair expenses.

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



Detailed Notes on Funds and Account Balances (continued)

County Assessor – accounts for the collection of fees that is transferred to the Assessor's cash account.

County Clerk Special – accounts for bonds submitted to release liens on property.

Incarceration Costs – accounts for court ordered collections by the Court Clerk and remitted to the District Attorney for incarceration costs of defendants.

Sheriff Estray – 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 care, transportation, and sale of lost animals.

DPA – accounts for collected court costs in lieu of charges filed pertaining to deferred prosecution agreements and is disbursed as per court orders.

MDT-CAMA Fund – accounts for the state funds to operate the child advocacy center.

Sheriff Commissary – accounts for money held in trust for inmates to be used for commissary purposes.

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 \$92,138,220.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.44 mills for the general fund operations and 2.61 mills for the county health department. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and 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.

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

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Detailed Notes on Funds and Account Balances (continued)

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 90.72 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

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

F. Fuel Tax

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

4. Contingent Liabilities

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

Contingent Liabilities (continued)

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

On August 22, 2000, the Seminole County voters approved a ½ of one percent sales tax for a period of five years to begin September 1, 2000. Proceeds of the tax are designated as follows:

- 60% - county road fund for repair or replacement of county roads, bridges, and equipment
- 20% - county sheriff
- 20% - county general government for maintenance and operations on county property and operating expenses

**Schedule of Expenditures of Federal Awards**

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

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Oklahoma Department of Commerce:			
Community Development Block Grant	14.228	9633 CDBG 00	\$ 147,908
Community Development Block Grant	14.228	9166 CDBG 99	38,355
Community Development Block Grant	14.228	9994 CDBG 01	49,250
Passed Through Oklahoma Housing Finance Agency:			
HOME Investment Partnerships Program	14.239	8969 HOME 01	156,000
Total U.S. Department of Housing and Urban Development			<u>391,513</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Grants to Encourage Arrest Policies	16.590	2002WRBX0020	51,781
Local Law Enforcement Block Grant	16.592	LE02-919	4,860
Community Oriented Policing Services (COPS)	16.710	98UMWX2593	2,762
Community Oriented Policing Services (COPS in Schools)	16.710	2000SHWX0284	104,154
Passed Through District Attorney's Council:			
Violence Against Women Formula Grants	16.588	V-01-329	12,325
Violence Against Women Formula Grants	16.588	V-02-371	13,614
Total U.S. Department of Justice			<u>189,496</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Bureau of Indians Affairs:			
Highway Planning and Construction	20.205	cmg001221 01	67,320
Total Department of Transportation			<u>67,320</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	DR-1355	48,245
Hazard Mitigation	83.548		10,000
Total Federal Emergency Management Agency			<u>58,245</u>
Total Expenditures of Federal Awards			<u>\$ 706,574</u>

**SEMINOLE 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 Seminole 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  
SEMINOLE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Seminole County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated July 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 Seminole 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 a certain immaterial instance of noncompliance, which we have reported to management and is included in Section 4 of the schedule of findings and questioned costs, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seminole 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 2003-1, 2003-3, 2003-4, 2003-5, 2003-6, and 2003-7.



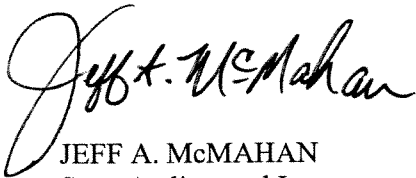
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected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

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

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

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

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

July 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  
SEMINOLE COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Seminole 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 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 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,



JEFF A. McMAHAN  
State Auditor and Inspector

July 1, 2004

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

SEMINOLE 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?	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>
14.228	Community Development Block Grant
14.239	HOME Investment Partnerships Program

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

**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.

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

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

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.

**Finding 2003-3 – Timesheets and Leave Records**

Criteria: Effective accounting procedures include all County officers and employees following the most up-to-date policy and procedures manual approved by the Board of County Commissioners. The County Personnel Policy Handbook requires each elected official to submit records of employee leave balances to the County Clerk on a monthly basis. The Fair Labor Standards Act requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

Condition: The County Treasurer does not maintain timesheets or accumulated leave balances for employees in his office.

Recommendation: We recommend that all employees prepare timesheets with information of time worked, any leave taken during the month, overtime worked, and accumulated leave balances, in order to comply with the Fair Labor Standards Act. Also, the officer and employee should sign and approve each timesheet and file in the County Clerk's office.

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

**Finding 2003-4 – Sheriff’s Official Depository**

Criteria: Effective internal controls include the issuance of receipts in sequential order for all monies received. Also, receipts should be complete with mode of pay indicated. Title 19 O.S. 2001, § 682 states, “It shall be the duty of each and every county officer...to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, property, fees, fines, forfeitures, and public charges of every kind received or collected by virtue or under color of office...”

Condition: While performing cash compositions for the Sheriff’s Official Depository Account, the following was noted:

1. Receipts are not issued for all monies received,
2. Receipts are not issued in sequential order,
3. Before one receipt book is completed, receipts from another book are being used,
4. Receipts do not indicate mode of payment,
5. Some receipts could not be traced to the deposit,
6. Receipts are not correctly voided with original attached.

Recommendation: We recommend the issuance of receipts for all monies received in the Sheriff’s office. Receipts should be issued in sequential order and should indicate mode of payment received.

Management’s Response: We concur with the auditors’ findings and are implementing procedures to correct this problem

**Finding 2003-5 – Inmate Trust Fund Receipts**

Criteria: Effective internal controls include that receipts be issued in sequential order for all monies received. Also, receipts should be complete with mode of pay indicated. Title 19 O.S. 2001, §531 states, “The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account (Inmate Trust Fund Checking Account)...”

Condition: Total inmate trust fund receipts for the period March 5, 2003 through June 30, 2003, did not match total deposits. A net variance of \$155.29 short was noted for this period.

Recommendation: We recommend that receipts be written for all monies collected and monies be deposited in a timely manner.

Management’s Response: We concur with the auditors’ findings and are implementing procedures to correct this problem.



**Finding 2003-6 –Written Disaster Recovery Plan**

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery & Support 4.3), management should ensure that a written Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the Recovery Plan,
- Emergency procedures to ensure the safety of all affected staff members,
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel,
- Listing of systems requiring alternatives (hardware, peripherals, software),
- Listing of highest to lowest priority applications, required recovery times and expected performance norms,
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution,
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc. and a source and alternative source defined,
- Training and/or awareness of individual and group roles in continuity plan,
- Listing of contracted service providers,
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation,
- Current names, addresses, telephone/pager numbers of key personnel,
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: The County does not have a written Disaster Recovery Plan.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data.

Management's Response: Each office will work to implement a formal Disaster Recovery Plan.

**Finding 2003-7 – Policies and Procedures for the IT System**

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery and Support 7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibilities.

Condition: The County does not have written policies and procedures addressing information security or provide adequate awareness training.

Recommendation: We recommend the County establish Information Security policies and procedures. A security awareness-training program should be established requiring all employees using computers to participate.

Management's Response: The County officials will work to prepare and implement policies and procedures for the information systems.

**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.

**SECTION 4 - Other Audit Findings - This section contains audit findings not required to be reported in 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*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.**

**Finding 2003-2 – Fixed Assets Inventory**

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

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

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

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

**Statistical Data  
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
OG&E	\$ 28,119,142	30.52%
VF Jeanswear	5,671,975	6.15%
Southwestern Bell	4,879,539	5.30%
Enogex Inc.	2,143,632	2.33%
Central OK Oil & Gas	2,036,782	2.21%
Seaway Crude Pipeline	1,202,800	1.30%
George Fisher Disa Goff Inc.	685,711	0.74%
Eott Energy Pipeline	635,748	0.69%
Oneok (All Systems)	615,626	0.67%
Union Pacific Railroad	567,614	0.62%
Total	<u>\$ 46,558,569</u>	<u>50.53%</u>

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

**SEMINOLE 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>\$ 92,138,220</u>
Debt limit - 5% of total assessed value		4,606,911
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 4,606,911</u>

**SEMINOLE 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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	2003
Estimated population	24,894
Net assessed value as of January 1, 2002	\$ 92,138,220
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**SEMINOLE COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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<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>
1/1/02	\$10,324,206	\$42,815,573	\$45,200,287	\$6,201,846	\$92,138,220	\$894,000,600