
**TEXAS 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

June 14, 2004

TO THE CITIZENS OF
TEXAS COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Texas County iii
County Officials and Responsibilitiesiv
Ad Valorem Tax Distribution.....ix

FINANCIAL SECTION

Report of State Auditor and Inspector 1

Special-Purpose Financial Statements:

Statement of Receipts, Disbursements, and Changes in
Cash Balances - All Funds..... 3

Comparative Statement of Receipts, Expenditures, and Changes in
Cash Balances - Budget and Actual - General Fund..... 4

Comparative Statement of Receipts, Expenditures, and Changes in
Cash Balances - Budget and Actual – County Health Department 6

Detailed Statement of Receipts, Disbursements, and Changes in
Cash Balances - Sinking Fund 7

Detailed Statement of Receipts, Disbursements, and Changes in
Cash Balances - Official Depository Accounts 8

Notes to the Financial Statements..... 9

COMPLIANCE/INTERNAL CONTROL SECTION

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards 20

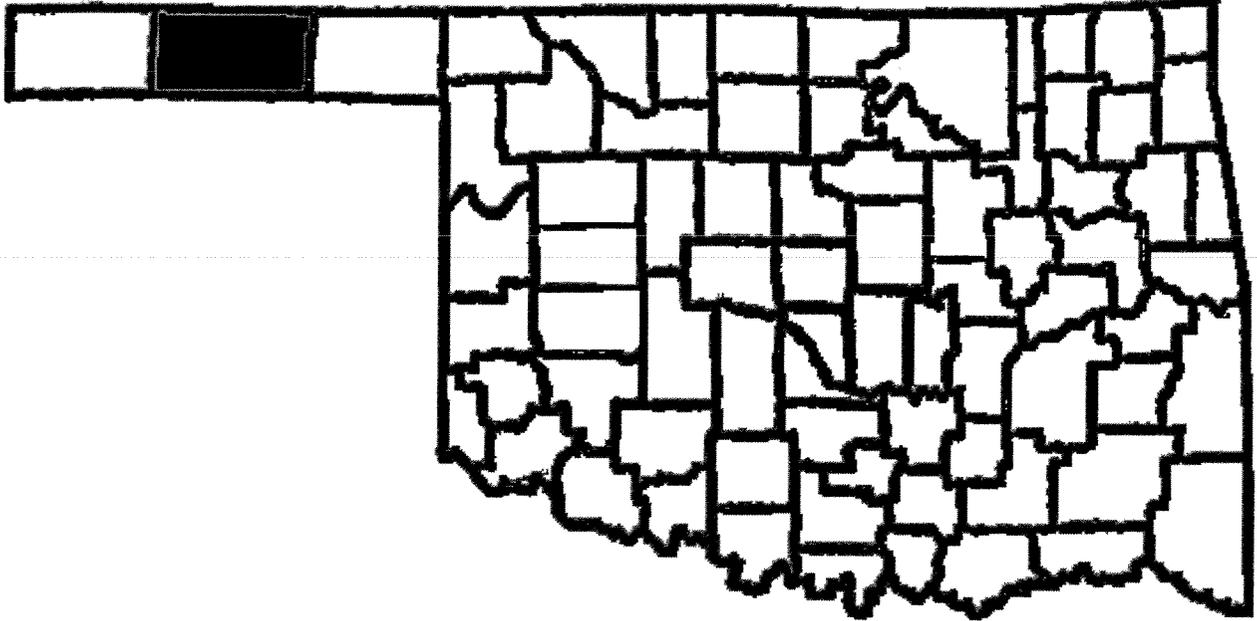
Schedule of Findings 22

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

STATISTICAL DATA (Unaudited)

Top Ten Taxpayers.....	25
Computation of Legal Debt Margin	26
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	27
Assessed Value of Property	28

REPORT TO THE CITIZENS
OF
TEXAS COUNTY, OKLAHOMA



Texas County was formed at statehood from the central one-third of “Old Beaver County,” also known as “No Man’s Land.” It took its name from the state of Texas.

The Beaver River is the principal stream in Texas County, rising in northeastern New Mexico. It is joined by Wolf Creek near Fort Supply and from there becomes known as the North Canadian River and emptying into the Canadian River near Eufaula.

Texas County consists of level plains and rolling hills. Many trees, especially cottonwood, grow along the streams. A large number of irrigation wells in the County help stabilize farming.

Wheat, grain sorghums, and cattle are the chief agricultural industries, ranking near the top among counties of the state in all three. The County ranks high in natural gas and petroleum, being first in gas production among all counties of the United States.

County Seat - Guymon

Area - 2037.3 Square Miles

County Population – 20,107
(1999 est.)

Farms - 785

Land in Farms - 1,086,667 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor’s report.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Thyra Grounds
(D) Guymon

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
Marcia Hollingshead
(D) Guymon

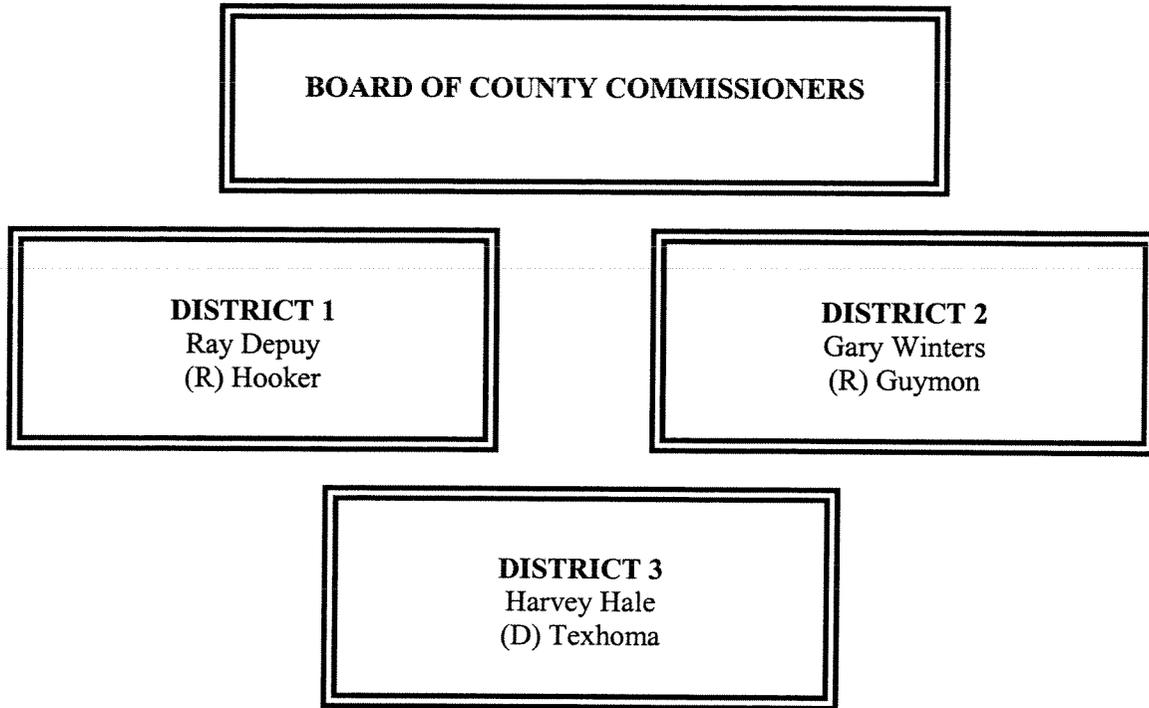
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**TEXAS 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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Arnold Peoples
(D) Goodwell

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

Rita Wise
(D) Guymon

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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Karen Parish
(D) Guymon

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
James M. Boring
(D) Guymon

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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Melissa Costner
(D) Guymon

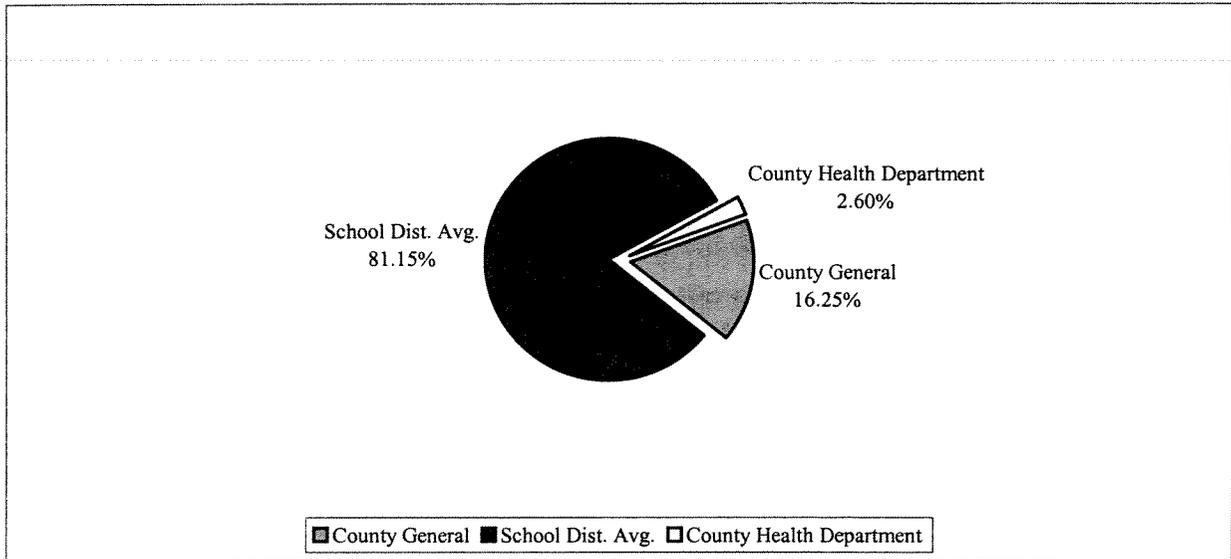
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**TEXAS COUNTY, OKLAHOMA
AD VALOREM 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.	Common	Total
Co. General	10.00	Guymon	8	35.00	5.00	6.75	4.00	50.75
County Health	1.60	Hardesty	15	35.00	5.00	4.79	4.00	48.79
		Hooker	23	35.00	5.00	6.40	4.00	50.40
		Tyrone	53	35.00	5.00	7.03	4.00	51.03
<u>City-Wide Millages</u>		Goodwell	60	35.00	5.00	6.48	4.00	50.48
Goodwell	10.80	Texhoma	61	35.00	5.00	11.46	4.00	55.46
		Cimarron County	Jt. 11	35.00	5.00	6.19	4.00	50.19
		Beaver County	Jt. 128	35.00	5.00	10.41	4.00	54.41
		Yarbrough	I-1	35.00	5.00	5.85	4.00	49.85
		Straight	D-80	35.00	5.00		4.00	44.00
		Optima	D-9	35.00	5.00		4.00	44.00

See independent auditor's report.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
TEXAS COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Texas 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 Texas 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 Texas County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general and county health department funds 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 Texas 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 Texas County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 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 May 24, 2004, on our consideration of Texas 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.

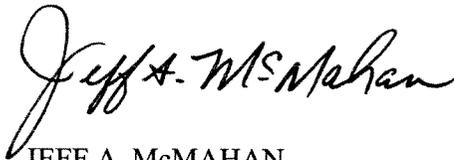
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Texas County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express 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 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 style with a large initial "J" and "M".

JEFF A. McMAHAN
State Auditor and Inspector

May 24, 2004

Special-Purpose Financial Statements

**TEXAS 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	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General Fund	\$ 3,108,530	\$ 2,266,700	\$ 2,079,871	\$	\$ 3,295,359
Highway Cash	4,478,283	6,228,439	5,137,928		5,568,794
County Commissioner Reward Fund		250			250
Local Emergency Planning Commission	13,230	6,645	332		19,543
Health Department Cash	152,559	8,325	2,526		158,358
Health Department Levy	461,727	274,864	244,955		491,636
Resale Property	51,844	46,007	60,515		37,336
Treasurer Mortgage Tax Certification Fee	4,583	4,074	4,986		3,671
County Clerk Lien Fee	47,417	20,903	3,332		64,988
County Clerk Record's Preservation	26,014	27,200			53,214
Assessor Revolving	9,232	5,324			14,556
Assessor Visual Inspection	39,178	16	36,630		2,564
Assessor Equipment Upgrade	101				101
OSU Extension	187				187
Sheriff Service Fee	319,561	367,551	318,194		368,918
Sheriff Commissary	56,682	95,364	99,316		52,730
Sheriff Training	370				370
Sheriff Special Revenue	20,327	6,637	6,063		20,901
Sheriff Estray Cattle	1,087	27	369		745
Juvenile Detention	175,322	324,675	301,575		198,422
Juvenile Detention/Child Nutrition	8,675	6,845	2,814		12,706
Child Abuse Prevention	25		25		
Community Service Sentencing Program	1,721				1,721
County Sales Tax Proceeds	1,002,573	1,014,869	772,609		1,244,833
Sales Tax Investment	938,928	38,259			977,187
County Building	284,971	3,623			288,594
County Sinking	5				5
Schools	424,334	8,499,328	8,782,613		141,049
Cities and Towns	18,467	270,212	272,191		16,488
Law Library	7,441	29,723	28,783		8,381
Official Depository	2,160,828	5,643,594	6,039,822	23,505	1,788,105
Protest Tax	17,910	279			18,189
Free Fair/Activity Center	41,002	34,600	41,566		34,036
Texas County Development Authority	8,882	1,562,648	1,565,705		5,825
Civil Emergency Management Grant		5,000	5,000		
Tax Refund	1,856	2,359	4,215		
Total County Funds	<u>\$ 13,883,852</u>	<u>\$ 26,794,340</u>	<u>\$ 25,811,935</u>	<u>\$ 23,505</u>	<u>\$ 14,889,762</u>

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

TEXAS 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	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 3,108,530	\$ 3,108,530	\$ 3,108,530	\$ -
Less: Prior Year Outstanding Warrants	(145,523)	(145,523)	(145,356)	167
Less: Prior Year Encumbrances	(188,730)	(188,730)	(161,639)	27,091
Beginning Cash Balances, Budgetary Basis	<u>2,774,277</u>	<u>2,774,277</u>	<u>2,801,535</u>	<u>27,258</u>
Receipts:				
Ad Valorem Taxes	1,534,514	1,534,514	1,609,871	75,357
Sales Tax			98,811	98,811
Charges for Services	47,519	47,519	90,473	42,954
Intergovernmental Revenues	66,176	74,500	402,642	328,142
Miscellaneous Revenues			64,903	64,903
Total Receipts, Budgetary Basis	<u>1,648,209</u>	<u>1,656,533</u>	<u>2,266,700</u>	<u>610,167</u>
Expenditures:				
District Attorney	17,999	14,421	13,394	1,027
Capital Outlay	1	4,500	4,497	3
Total District Attorney	<u>18,000</u>	<u>18,921</u>	<u>17,891</u>	<u>1,030</u>
County Sheriff	281,408	281,408	272,847	8,561
Capital Outlay	1	1		1
Total County Sheriff	<u>281,409</u>	<u>281,409</u>	<u>272,847</u>	<u>8,562</u>
County Treasurer	114,485	114,485	113,132	1,353
Capital Outlay	1	1		1
Total County Treasurer	<u>114,486</u>	<u>114,486</u>	<u>113,132</u>	<u>1,354</u>
County Commissioners	112,100	112,100	110,148	1,952
Capital Outlay	1	1		1
Total County Commissioners	<u>112,101</u>	<u>112,101</u>	<u>110,148</u>	<u>1,953</u>
OSU Extension	15,250	14,250	14,093	157
Capital Outlay	1	1,001	1,000	1
Total OSU Extension	<u>15,251</u>	<u>15,251</u>	<u>15,093</u>	<u>158</u>
County Clerk	276,551	261,791	230,786	31,005
Capital Outlay	1	14,761	14,759	2
Total County Clerk	<u>276,552</u>	<u>276,552</u>	<u>245,545</u>	<u>31,007</u>
Court Clerk	83,878	84,314	84,019	295
Capital Outlay				
Total Court Clerk	<u>83,878</u>	<u>84,314</u>	<u>84,019</u>	<u>295</u>
County Assessor	71,325	71,325	67,596	3,729
Capital Outlay	1	1		1
Total County Assessor	<u>71,326</u>	<u>71,326</u>	<u>67,596</u>	<u>3,730</u>
Revaluation of Real Property	376,410	376,410	356,258	20,152
Capital Outlay	1	1		1
Total Revaluation of Real Property	<u>376,411</u>	<u>376,411</u>	<u>356,258</u>	<u>20,153</u>
Juvenile Shelter	72,600	72,600	41,876	30,724
Capital Outlay				
Total Juvenile Shelter	<u>72,600</u>	<u>72,600</u>	<u>41,876</u>	<u>30,724</u>
District Court	885			
Capital Outlay	115	565	557	8
Total District Court	<u>1,000</u>	<u>565</u>	<u>557</u>	<u>8</u>

continued on next page

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

TEXAS 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
General Government	\$ 442,553	\$ 450,553	\$ 109,608	\$ 340,945
Capital Outlay	300,000	300,000	6,816	293,184
Total General Government	<u>742,553</u>	<u>750,553</u>	<u>116,424</u>	<u>634,129</u>
Excise-Equalization Board	5,900	5,900	2,345	3,555
Capital Outlay	1	1		1
Total Excise-Equalization Board	<u>5,901</u>	<u>5,901</u>	<u>2,345</u>	<u>3,556</u>
County Election Board	48,213	48,236	45,445	2,791
Capital Outlay	1	270	269	1
Total County Election Board	<u>48,214</u>	<u>48,506</u>	<u>45,714</u>	<u>2,792</u>
Total Insurance	<u>1,317,350</u>	<u>1,317,374</u>	<u>326,297</u>	<u>991,077</u>
Charity	11,000	11,000	10,919	81
Capital Outlay				
Total Charity	<u>11,000</u>	<u>11,000</u>	<u>10,919</u>	<u>81</u>
Fire Fighting	9,803	9,803	7,031	2,772
Capital Outlay				
Total Fire Fighting	<u>9,803</u>	<u>9,803</u>	<u>7,031</u>	<u>2,772</u>
Public Defender	58,314	58,314	58,149	165
Capital Outlay	1			
Total Public Defender	<u>58,315</u>	<u>58,314</u>	<u>58,149</u>	<u>165</u>
Civil Defense	4,999	4,999	771	4,228
Capital Outlay	1	1		1
Total Civil Defense	<u>5,000</u>	<u>5,000</u>	<u>771</u>	<u>4,229</u>
Highway Budget	7,399	7,399	6,050	1,349
Capital Outlay				
Total Highway Budget	<u>7,399</u>	<u>7,399</u>	<u>6,050</u>	<u>1,349</u>
County Audit Budget	16,880	16,601	16,601	
Capital Outlay				
Total County Audit Budget	<u>16,880</u>	<u>16,601</u>	<u>16,601</u>	
Free Fair Budget	34,068	34,068	33,493	575
Capital Outlay	1	1		1
Total Free Fair Budget	<u>34,069</u>	<u>34,069</u>	<u>33,493</u>	<u>576</u>
Library Budget				
Capital Outlay	1,200	1,200		1,200
Total Library Budget	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Hospital Budget	38,363	37,729	280	37,449
Capital Outlay				
Total Hospital Budget	<u>38,363</u>	<u>37,729</u>	<u>280</u>	<u>37,449</u>
Building Maintenance	702,425	702,425	255	702,170
Capital Outlay				
Total Building Maintenance	<u>702,425</u>	<u>702,425</u>	<u>255</u>	<u>702,170</u>
Provision for Interest on Warrants	1,000	1,000		1,000
Total Expenditures, Budgetary Basis	<u>4,422,486</u>	<u>4,430,810</u>	<u>1,949,291</u>	<u>2,481,519</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	3,118,944	<u>\$ 3,118,944</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			60,146	
Add: Current Year Outstanding Warrants			116,269	
Ending Cash Balance			<u>\$ 3,295,359</u>	

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

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

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 461,727	\$ 461,727	\$ 461,727	\$ -
Less: Prior Year Outstanding Warrants	(4,222)	(4,222)	(4,222)	
Less: Prior Year Encumbrances	(58,663)	(58,663)	(25,494)	33,169
Beginning Cash Balances, Budgetary Basis	<u>398,842</u>	<u>398,842</u>	<u>432,011</u>	<u>33,169</u>
Receipts:				
Ad Valorem Taxes	245,522	245,522	257,537	12,015
Charges for Services			4,339	4,339
Intergovernmental		458	7,858	7,400
Miscellaneous Revenues			5,130	5,130
Total Receipts, Budgetary Basis	<u>245,522</u>	<u>245,980</u>	<u>274,864</u>	<u>28,884</u>
Expenditures:				
Health and Welfare	335,000	542,594	425,754	116,840
Capital Outlay	309,364	102,228	3,484	102,228
Total Expenditures, Budgetary Basis	<u>644,364</u>	<u>644,822</u>	<u>429,238</u>	<u>215,584</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	277,637	<u>\$ 277,637</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			211,623	
Add: Current Year Outstanding Warrants			2,376	
Ending Cash Balance			<u>\$ 491,636</u>	

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

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

Beginning Cash Balance	<u>\$ 5</u>
Receipts:	
Miscellaneous	<u> </u>
Total Receipts	<u>-</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 5</u></u>

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

**TEXAS 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	Transfers In (Out)	Ending Cash Balances June 30, 2003
Court Clerk	\$ 912,860	\$ 1,278,237	\$ 1,471,160	\$ 140	\$ -	\$ 720,077
Court Fund	153,356	853,268	809,358	2,912		200,178
Court Clerk Revolving	21,247	21,293	8,616	995		34,919
County Treasurer	749,504	1,750,730	1,821,687	524		679,071
Interest Earned		17,129	17,129			
County Assessor Revolving		5,325	5,325			
County Clerk	13,231	170,609	167,064	327		17,103
Film Library	3,315		3,315			
County Sheriff		233,496	233,496			
Highway Task Force	461	134,837	125,734		691	10,255
Interstate Task Force	17,210	2,150	18,669		(691)	
911 Account		73,563	73,563			
Panhandle Dispute Mediation	505	2,090	2,275			320
Juvenile Detention		313,481	313,481			
County Health Department	1,923	26,143	25,698			2,368
County Election Board	19	31,828	32,296	500		51
District Attorney	287,197	729,415	910,956	18,107		123,763
Total Official Depository Accounts	\$ 2,160,828	\$ 5,643,594	\$ 6,039,822	\$ 23,505	\$ -	\$ 1,788,105

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 Texas 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 is the only fund required to adopt a formal budget. The budget presented for the general 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 Fund Balances - Budget and Actual - General Fund 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 Fund 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 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.)	

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

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 participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed authorized deductibles, the County would have surcharges assessed to pay the excess claims.

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$25,000 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.

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. The pool has assessed additional premiums to be paid by its members in the current fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All active full-time employees are entitled to annual leave that is accrued on a monthly basis. Depending on years of service, an employee can earn from 5 days of vacation leave to 15 days of vacation leave per year. Employees may carry over no more than 240 hours or 30 days of vacation at anytime.

All full-time Texas County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 130 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$14,889,762 and the bank balance was \$14,947,180. 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
- 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

Detailed Notes on Funds and Account Balances (continued)

- 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.

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

County Commissioner Reward Fund - accounts for money received through the District Court and disbursed to citizens reporting crime in the County in which a reward is offered.

Local Emergency Planning Commission - accounts for the collection of fees received from pipeline companies and disbursements of funds may be used for emergency planning, training, and equipment.

Health Department Cash - accounts for monies collected on behalf of the county health department from state and local revenues. This fund is not used to budget the estimate of needs for the ensuing year.

Health Department Levy - accounts for monies collected on behalf of the county health department from ad valorem tax revenues.

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

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

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

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

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

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

Assessor Equipment Upgrade - accounts for the collection and disbursements of funds received from the State of Oklahoma for the upgrade of Assessor computer equipment.

Detailed Notes on Funds and Account Balances (continued)

OSU Extension – accounts for the collection of sales tax money and the disbursement for the operation of the extension office.

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

Sheriff Commissary – accounts for the collection of fees from purchases of commissary goods by prisoners. Disbursements account for the maintenance and operations of the Sheriff's office and stocking of the commissary goods.

Sheriff Training – accounts for the collection of miscellaneous receipts and disbursements for the training of sheriff deputies.

Sheriff Special Revenue – accounts for the collection of medical fees reimbursed from prisoners and disbursements are made for general operation of the Sheriff's office.

Sheriff Estray Cattle – accounts for the collection of selling cattle found and unclaimed. Disbursements are made for the general operation of the Sheriff's office.

Juvenile Detention – accounts for the collections from the State of Oklahoma other Oklahoma Counties for the housing of juvenile offenders. Disbursements are for the operations of the juvenile detention center.

Juvenile Detention Child Nutrition – accounts for the collections of state and federal funds for the breakfast and lunch program for juveniles housed in the detention facility.

Child Abuse Prevention – accounts for collections of donations for the prevention of child abuse.

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

County Sales Tax Proceeds – account for the collection of reserve sales tax monies received from the Texas County Development Authority in excess of bond issue payments. Disbursements are for the general operations of the county jail.

Sales Tax Investment – accounts for the collection of interest on investments of sales tax money not immediately needed for the operation of the jail.

County Building – accounts for the collection of funds used for the maintenance and remodeling of county buildings.

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

Detailed Notes on Funds and Account Balances (continued)

County Sinking – accounts for monies collected on behalf of Texas County from ad valorem taxes, used to pay principal and interest on bonds outstanding. There has been no activity in this fund for several years.

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

Cities and Towns – account for Oklahoma Tax Commission collections distributed to the cities and towns of Texas County.

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

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

Protest Tax – accounts for collections of ad valorem taxes that have been protested.

Free Fair/Activity Center – accounts for the collections of sales tax money and the disbursement for the operation of the free fair organization.

Texas County Development Authority – accounts for the collections of sales tax proceeds for the payment of bond issues related to the building of the county jail.

Civil Emergency Management Grant – accounts for the collection of state grant money for the use of the emergency civil management department.

Tax Refund – accounts for collections of ad valorem taxes in excess of the amount owed and disbursements account for refunds to the taxpayers of Texas County.

Additionally, the following official depository accounts are described as follows:

Court Clerk – 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 operation of the Court Clerk's office.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant. Money is disbursement in the same manner as the court fund.

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

Detailed Notes on Funds and Account Balances (continued)

County Treasurer – accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile homes, and the sale of motor vehicle stamps. Disbursements are for refunds and vehicle collections disbursed to the Oklahoma Tax Commission, schools, and the County Treasurer Mortgage Certification Fee Account.

Interest Earned – accounts for interest earned on the official depository bank account and interest is disbursed to the general fund.

County Assessor Revolving – accounts for the collection of copy fees and disbursed to the County Assessor Revolving Fund Account.

County Clerk – accounts for the collection of filing fees and disbursed to Oklahoma Tax Commission and the County Clerk Lien Fee Account.

Film Library – accounts for collections of film rental fees. Disbursements are made for the maintenance and operations and purchase of films for the film library.

County Sheriff – accounts for all collection of foreign service fees. Monies are disbursed to the Sheriff Service Fee Account.

Highway Task Force – accounts for collections of federal funds for drug interdiction and law enforcement efforts.

Interstate Task Force – accounts for collections of federal funds for drug interdiction and law enforcement efforts.

911 Account - accounts for tax collection and is disbursed for the operation of the emergency 911 phone system.

Panhandle Dispute Mediation – accounts for fees for mediation services. Fees are transferred to the county general fund for reimbursement of payroll expense.

Juvenile Detention – accounts for the collection from the State of Oklahoma and other Oklahoma counties for the housing of juvenile offenders. Transfers to the operation fund for the juvenile detention center are made to reimburse expenses of housing juveniles.

County Health Department – accounts for the collection of charges for services performed by the health department. Disbursements are made to the Health Department Cash Fund.

County Election Board – accounts for reimbursement of election expense and disbursements are for refunds of election fees and maintenance and operation of the office.

Detailed Notes on Funds and Account Balances (continued)

District Attorney— accounts for the collection of fees, restitution payments, drug related cases involving the drug task force and state reimbursements or grants. Disbursements of funds are restricted by state statutes as authorized by each source of fees collected.

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 \$168,796,559.

The County levied 10 mills (the legal maximum) for general fund operations and 1.6 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.

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 87 percent of the tax levy. Prior year current tax collections were 93% of the tax levy. The variance was a result of a protest of 2002 tax by the largest taxpayer in the County, Seaboard Farms, Inc.

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,

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

Detailed Notes on Funds and Account Balances (continued)

establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

E. Capital Leases

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

F. Fuel Tax

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

4. Contingent Liabilities

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

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

5. Sales Tax

The Texas County Development Authority is supported by a one percent tax on certain retail sales occurring in Texas County, Oklahoma. The sales tax is to be used for the constructing and equipping of a county jail facility and providing certain funds for the Memorial Hospital of Texas County, the Texas County Firefighters Emergency Services, the Texas County Free Fair and the general operations of the County including the payment of debt service on bonds. The one percent sales tax will be in effect for the period beginning August 1, 1994 through July 31, 2009.

Sales Tax (continued)

In accordance with the Sales Tax Act, Texas County has agreed, pursuant to a Lease Agreement and Operation and Maintenance Contract (hereinafter referred to as the "Lease Agreement"), dated September 1, 1994, subject to annual appropriation only to the extent required by the Sales Tax Act and other applicable law.

- (1) To pledge the sales tax revenue to the Authority as security for the payment of principal and interest on the bonds and any bank obligations;
- (2) To the extent required by the Indenture, to use the sales tax revenue exclusively for the purposes of retiring the bonds and payment of any obligations owed the Credit Facility Provider until such obligations are paid in full.

For the fiscal year ended, June 30, 2003, the Texas County Development Authority (TCDA) received \$1,562,648 in sales tax revenue. The County general fund received \$98,811. The sales tax and user revenue not required to meet bond obligations and interest payments and operational needs for the county jail facility, was apportioned to the County sales tax proceeds fund in the amount of \$1,014,869.

**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
TEXAS COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Texas County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated May 24, 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 Texas 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 2 of the schedule of findings, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Texas 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 as items 2002-1, 2003-1 and 2003-2.

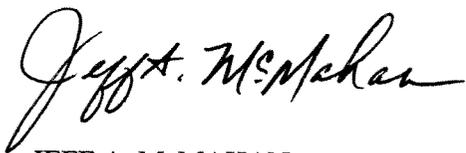
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected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

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

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

May 24, 2004

SECTION 1 – 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 2002-1 - Ad Valorem Receipts (Repeat Finding)

Criteria: Effective internal controls include that the County Treasurer issue prenumbered duplicate receipts, documenting the date received, the receipt number, mode of payment and the amount paid.

Condition: Ad valorem tax receipts do not document the date received, receipt number, mode of payment, or if all or half of the taxes were paid. The County Treasurer used the CPS (Manatron) computer system for ad valorem tax collections and distribution.

Recommendation: We recommend all ad valorem receipts be documented by a date received, receipt number, the mode of payment, and if all or half of the ad valorem tax was paid.

Management Response: Our County did not purchase the validators with our computers because of the cost and to put the receipt number on our receipt would require more manpower, which we do not have the funds for. We have a daily listing with each account paid and the receipt number. We also have a till report for each till that payments were posted on and it shows receipt (control number), if it was a check or cash, an account number and who paid it. We do write on the receipt if it was a check or cash, the bank the check was drawn on and if it is first or second half. The taxpayer keeps the top part of the statement and we mark it for them and we do not mail out receipts after the statements are posted because of the cost. We mark the top part of the statement when the taxpayer pays cash, date and initial it.

Finding 2003-1 – Disaster Recovery Plan

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT) Delivery and Support Control Objectives (DS4), management should have procedures in place to ensure continuous computer services. Plans should be developed and tested to minimize business disruption during times of disaster or hardware failure. The Disaster Recovery Plan should include all of 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: Our review of the Treasurer's system backups and plans for ensuring continuous computer service found that the written plan did not adequately cover the needed items for recovery.

Effect: The lack of an effective and adequate Disaster Recovery Plan could result in potential loss of the County's:

- Ad Valorem information
- Taxpayer and land information
- State and Federal Reporting Data
- Financial information.

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. Adequate backups of the data and programs are an essential part of any Recovery Plan. The file server should be backed up every workday. One day a week the backup tape should be stored offsite at a location away from the courthouse. Other tapes used during the week should be stored in a fireproof container in the County office. There should be complete month end backup tapes for at least three months of prior work, giving the County officer the ability to restore data and programs if the need arises.

Management Response: The County Clerk and County Treasurer have obtained information regarding a Disaster Recovery Plan and are in the process of completing their plans.

Finding 2003-2 – Computer Security Policies and Procedures

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT) DS7, 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: Our review of the Treasurer's office found that no policies and procedures existed for addressing computer security and no security awareness training has been provided to the employees.

Effect: County employees are not aware of their responsibilities and potential risks involved when using the County's computer systems.

Recommendation: We recommend the County establish Information Security Policies and Procedures that define the acceptable and unacceptable uses for the office computers. A security awareness-training program should be established requiring all the employees using computers to participate.

Management Response: The County Treasurer and County Clerk have obtained information regarding the policy and procedures for computer security and will submit the policies to the Board of County Commissioners for approval.

SECTION 2 – 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 - 2002-5 - Fixed Assets Equipment Inventory (Repeat Finding)

Criteria: In accordance with Title 69 O.S. 2001, § 645, county-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, on EACH side, in upper case letters, on a background of sharply contrasting color.

Condition: Of the new purchases and leases visually verified, some items were not marked on either side or on one side only. This comment was also noted in the prior year.

Effect: The purpose of the statute is to make it easier for the public to identify county-owned equipment and to permit the public to make judgments concerning the appropriate location and use of the equipment. The lack of marking diminishes this control intended by the legislature.

Recommendation: The Board of County Commissioners should evaluate its policies and procedures for marking its equipment and make the necessary changes to improve its compliance with the above statute.

Management Response: The County Commissioners will make efforts to conspicuously mark each side of county owned equipment.

**Statistical Data
(Unaudited)**

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

TAXPAYER	JANUARY 1, 2002 NET ASSESSED ASSESSED VALUE	% OF TOTAL NET VALUATION
Seaboard Farms Inc.	\$ 20,697,355	12.26%
Williams Field Services Co.	6,990,380	4.14%
Panhandle Telephone Coop Inc.	5,859,378	3.47%
Duke Energy Field Service Inc.	5,826,864	3.45%
Southwestern Public Service Co.	5,406,307	3.20%
Vall Inc. an Oklahoma Corporation	3,601,834	2.13%
Hitch Enterprises Inc.	3,256,838	1.93%
Williams Gas Processing	3,154,689	1.87%
Panhandle Field Services Co.	1,950,001	1.16%
JW Operating	1,852,206	1.10%
Total	<u>\$ 58,595,852</u>	<u>34.71%</u>

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

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

Total net assessed value as of January 1, 2002		<u>\$ 168,796,559</u>
Debt limit - 5% of total assessed value		\$ 8,439,828
Total bonds outstanding	0	
Total judgments outstanding	<u>0</u>	<u> </u>
Legal debt margin		<u>\$ 8,439,828</u>

**TEXAS 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)**

	2003
Estimated population	20,107
Net assessed value	\$ 168,796,559
Gross bonded debt	-
Less available sinking fund cash balance	5
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

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

<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2002	\$60,563,757	\$24,183,622	\$87,710,734	\$3,661,554	\$168,796,559	\$24,196,004
