

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 25, 2003

TO THE CITIZENS OF
TEXAS COUNTY, OKLAHOMA

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Texas County	iii
County Officials and Responsibilities.....	iv
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	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

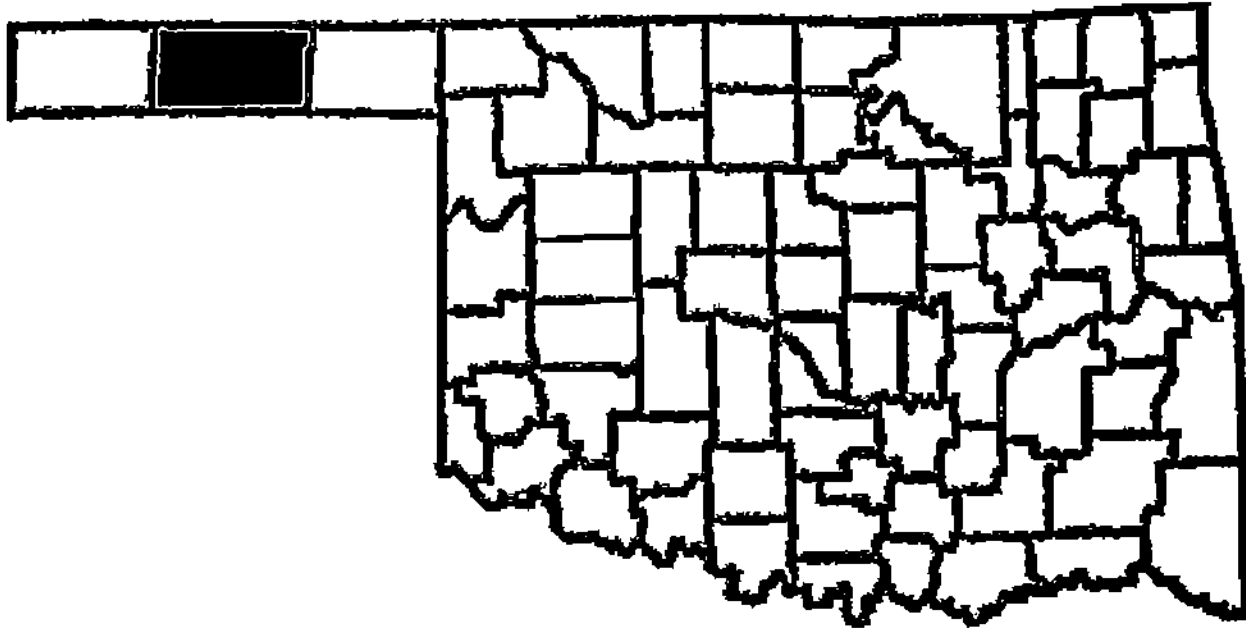
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	20
Corrective Action Plan	25

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

STATISTICAL DATA (Unaudited)

Top Ten Taxpayers.....	26
Computation of Legal Debt Margin	27
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	28
Assessed Value of Property	29

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, which joins the Canadian River near Eufaula in Eastern Oklahoma.

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 sorghum, 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 - 2,037.3 Square Miles

County Population - 18,329
(1999 est.)

Farms - 785

Land in Farms - 1,086,667 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**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

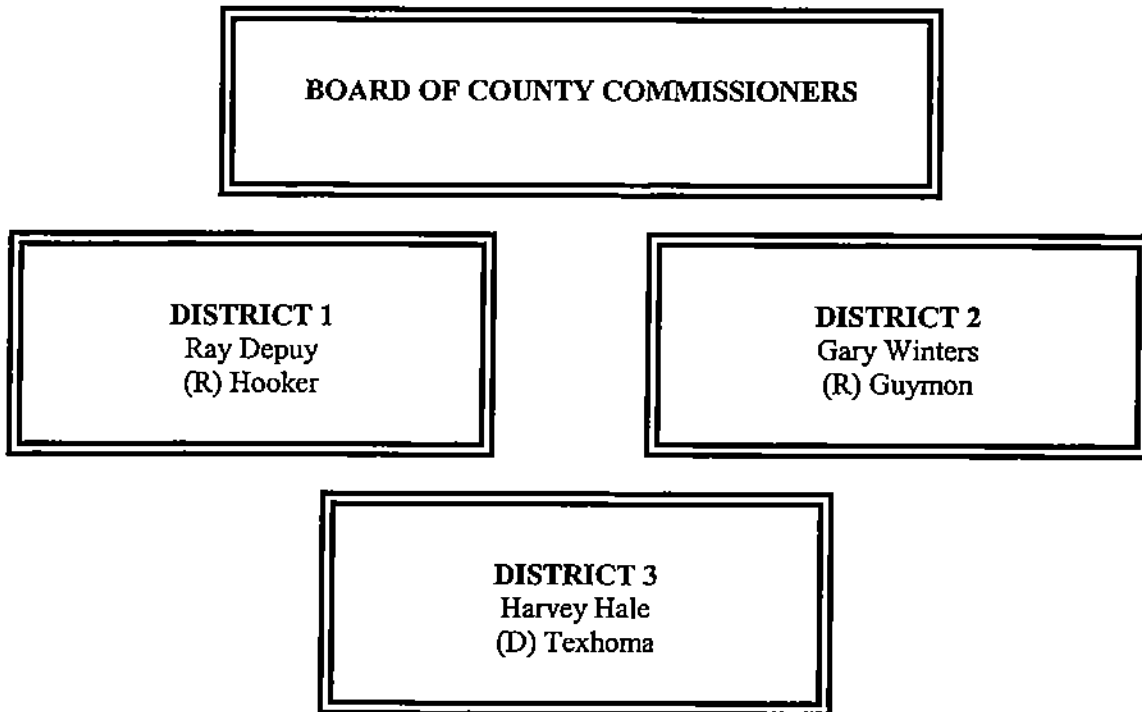
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**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.

**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.

**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
Don Wood
(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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

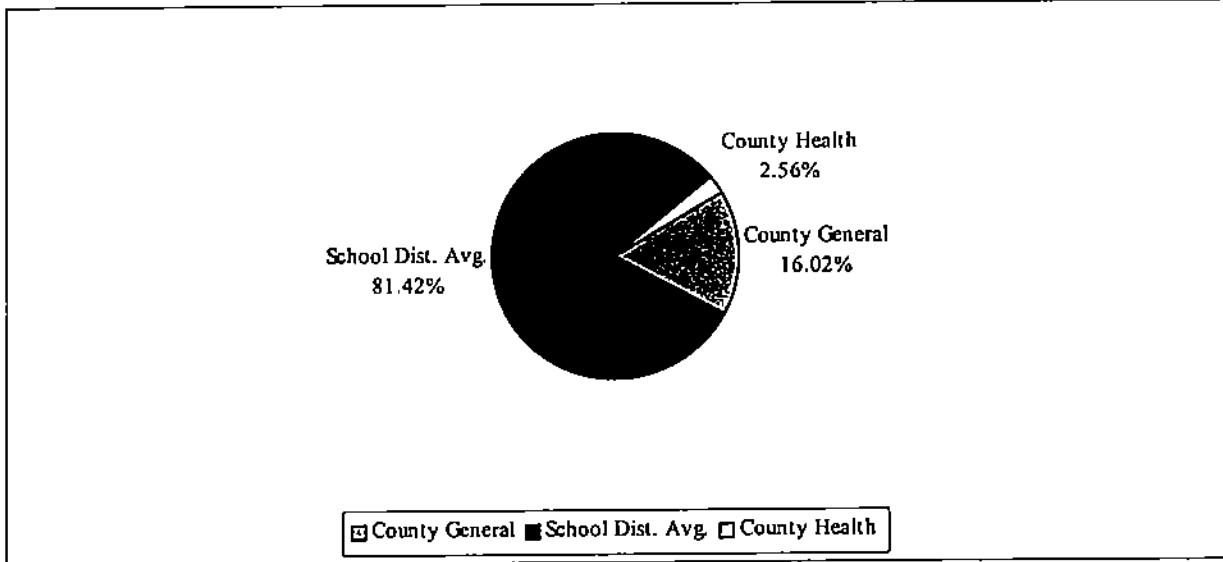
ELECTION BOARD SECRETARY
Connie Hardesty
(D) Guymon

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.

**AD VALOREM DISTRIBUTION
TEXAS COUNTY, OKLAHOMA
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	6.98	4.00	50.98
County Health	1.60	Hardesty	15 35.00	5.00	6.19	4.00	50.19
		Hooker	23 35.00	5.00	8.20	4.00	52.20
		Tyrone	53 35.00	5.00	7.44	4.00	51.44
<u>City-Wide Millages</u>		Goodwell	60 35.00	5.00	9.54	4.00	53.54
Goodwell	10.84	Texhoma	61 35.00	5.00	13.77	4.00	57.77
Hooker	7.55	Cimarron County Jt.	11 35.00	5.00	3.04	4.00	47.04
		Beaver County Jt.	128 35.00	5.00	13.25	4.00	57.25
		Yarborough	I-1 35.00	5.00	6.62	4.00	50.62
		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, 2002, 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 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 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, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2003, 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.

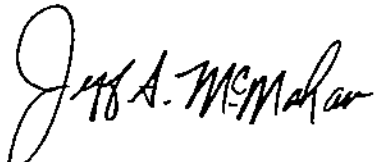
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Texas County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express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

JEFF A. McMAHAN
State Auditor and Inspector

July 28, 2003

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County General Fund	\$ 2,670,866	\$ 2,308,626	\$ 1,870,962	\$	\$ 3,108,530
Highway Cash	4,127,415	5,635,115	5,284,247		4,478,283
Local Emergency Planning	5,306	8,929	1,006		13,229
Health Department Cash	146,842	10,125	4,408		152,559
Health Department Levy	340,544	309,886	188,703		461,727
Ressale Property	64,265	63,183	75,604		51,844
Treasurer Mortgage Tax Certification Fee	6,448	3,787	5,652		4,583
County Clerk Lien Fee	36,294	17,000	5,877		47,417
County Clerk Records Preservation Fee		26,014			26,014
Assessor Revolving	8,594	1,003	365		9,232
Assessor Visual Inspection	2,508	139,170	102,500		39,178
Assessor Equipment Upgrade	101				101
OSU Extension	187				187
Sheriff Service Fee	330,487	420,026	430,952		319,561
Sheriff Commissary	72,143	56,259	71,720		56,682
Sheriff Training	1,557		1,187		370
Sheriff Special Revenue	60,356	12,951	52,981		20,326
Sheriff Estray Cattle	382	772	67		1,087
Juvenile Detention	169,565	313,209	307,452		175,322
Juvenile Detention Child Nutrition	4,531	6,759	2,614		8,676
Child Abuse Prevention	25				25
Community Sentencing Program	1,721				1,721
Sales Tax:					
County Sales Tax Proceeds	777,215	990,030	764,672		1,002,573
Sales Tax Investment	882,468	56,460			938,928
County Building	279,189	5,782			284,971
County Sinking	5				5
Schools	68,975	9,355,259	8,999,899		424,335
Cities & Towns	15,218	270,002	266,753		18,467
Law Library	4,613	25,455	22,627		7,441
Official Depository	961,230	5,928,351	4,797,304	68,551	2,160,828
Protest Tax	75,739	1,287	59,116		17,910
Free Fair/Activity Center	12,955	70,662	42,615		41,002
Texas County Development Authority	2,668	1,710,396	1,704,182		8,882
Tax Refund		8,011	6,155		1,856
Total County Funds	\$ 11,130,412	\$ 27,754,509	\$ 25,069,620	\$ 68,551	\$ 13,883,852

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, 2002

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,670,866	\$ 2,670,866	\$ 2,670,866	\$ -
Less: Prior Year Outstanding Warrants	(112,417)	(112,417)	(112,214)	203
Less: Prior Year Encumbrances	(49,860)	(49,860)	(20,019)	29,841
Beginning Cash Balances, Budgetary Basis	<u>2,508,589</u>	<u>2,508,589</u>	<u>2,538,633</u>	<u>30,044</u>
Receipts:				
Ad Valorem Taxes	1,507,384	1,507,384	1,765,007	257,623
Sales Tax			71,080	71,080
Charges for Services	45,837	45,837	95,039	49,202
Intergovernmental Revenues	68,952	73,593	282,919	209,326
Miscellaneous Revenues			94,581	94,581
Total Receipts, Budgetary Basis	<u>1,622,173</u>	<u>1,626,814</u>	<u>2,308,626</u>	<u>681,812</u>
Expenditures:				
District Attorney	17,999	18,025	11,880	6,145
Capital Outlay	1	1		1
Total District Attorney	<u>18,000</u>	<u>18,026</u>	<u>11,880</u>	<u>6,146</u>
County Sheriff	281,408	281,408	258,456	22,952
Capital Outlay	1	1		1
Total County Sheriff	<u>281,409</u>	<u>281,409</u>	<u>258,456</u>	<u>22,953</u>
County Treasurer	114,485	118,573	106,499	12,074
Capital Outlay	1	1		1
Total County Treasurer	<u>114,486</u>	<u>118,574</u>	<u>106,499</u>	<u>12,075</u>
County Commissioners	112,100	112,100	110,109	1,991
Capital Outlay	1	1		1
Total County Commissioners	<u>112,101</u>	<u>112,101</u>	<u>110,109</u>	<u>1,992</u>
OSU Extension	14,750	14,750	14,750	
Capital Outlay	1	1		1
Total OSU Extension	<u>14,751</u>	<u>14,751</u>	<u>14,750</u>	<u>1</u>
County Clerk	231,551	230,551	209,092	21,459
Capital Outlay	1	1		1
Total County Clerk	<u>231,552</u>	<u>230,552</u>	<u>209,092</u>	<u>21,460</u>
Court Clerk	83,779	84,779	83,734	1,045
Capital Outlay				
Total Court Clerk	<u>83,779</u>	<u>84,779</u>	<u>83,734</u>	<u>1,045</u>
County Assessor	71,325	71,325	67,096	4,229
Capital Outlay	1	58,001	56,365	1,636
Total County Assessor	<u>71,326</u>	<u>129,326</u>	<u>123,461</u>	<u>5,865</u>
Revaluation of Real Property	155,558	155,558	130,276	25,282
Capital Outlay	1	1		1
Total Revaluation of Real Property	<u>155,559</u>	<u>155,559</u>	<u>130,276</u>	<u>25,283</u>
Juvenile	72,600	72,600	36,550	36,050
Capital Outlay				
Total Juvenile	<u>72,600</u>	<u>72,600</u>	<u>36,550</u>	<u>36,050</u>
District Court	100	886	782	104
Capital Outlay	900	114	100	14
Total District Court	<u>1,000</u>	<u>1,000</u>	<u>882</u>	<u>118</u>

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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, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	\$ 400,520	\$ 400,519	\$ 102,542	\$ 297,977
Capital Outlay	300,000	242,000	7,172	234,828
Total General Government	<u>700,520</u>	<u>642,519</u>	<u>109,714</u>	<u>532,805</u>
Excise-Equalization Board	5,900	5,900	2,209	3,691
Capital Outlay	100	100		100
Total Excise-Equalization Board	<u>6,000</u>	<u>6,000</u>	<u>2,209</u>	<u>3,791</u>
County Election Board	48,213	48,039	44,352	3,687
Capital Outlay	1	661	324	337
Total County Election Board	<u>48,214</u>	<u>48,700</u>	<u>44,676</u>	<u>4,024</u>
Total County Insurance	<u>1,563,603</u>	<u>1,546,298</u>	<u>330,022</u>	<u>1,216,276</u>
Total Charity	<u>11,000</u>	<u>11,000</u>	<u>5,093</u>	<u>5,907</u>
Fire Fighting	15,693	15,693	5,891	9,802
Capital Outlay	1	1		1
Total Fire Fighting	<u>15,694</u>	<u>15,694</u>	<u>5,891</u>	<u>9,803</u>
Recording Account	45,000	45,000	30,772	14,228
Capital Outlay				
Total Recording Account	<u>45,000</u>	<u>45,000</u>	<u>30,772</u>	<u>14,228</u>
Library				
Capital Outlay	1,200	1,200	598	602
Total Library	<u>1,200</u>	<u>1,200</u>	<u>598</u>	<u>602</u>
Public Defender	58,314	58,314	55,024	3,290
Capital Outlay	1	1		1
Total Public Defender	<u>58,315</u>	<u>58,315</u>	<u>55,024</u>	<u>3,291</u>
Civil Defense	4,999	4,999	1,115	3,884
Capital Outlay	1	1		1
Total Civil Defense	<u>5,000</u>	<u>5,000</u>	<u>1,115</u>	<u>3,885</u>
Highway Budget	7,399	7,399	5,922	1,477
Capital Outlay				
Total Highway Budget	<u>7,399</u>	<u>7,399</u>	<u>5,922</u>	<u>1,477</u>
Total County Audit Budget	<u>16,581</u>	<u>33,928</u>	<u>33,928</u>	
Free Fair Budget	34,068	34,068	30,478	3,590
Capital Outlay	1	1		1
Total Free Fair Budget	<u>34,069</u>	<u>34,069</u>	<u>30,478</u>	<u>3,591</u>
County Hospital Budget	37,685	37,685	37,685	
Capital Outlay				
Total Hospital Budget	<u>37,685</u>	<u>37,685</u>	<u>37,685</u>	
Building Maintenance				
Capital Outlay	422,919	422,919	294,167	128,752
Total Building Maintenance	<u>422,919</u>	<u>422,919</u>	<u>294,167</u>	<u>128,752</u>
Provision for Interest on Warrants	1,000	1,000		1,000
Total Disbursements, Budgetary Basis	<u>4,130,762</u>	<u>4,135,403</u>	<u>2,072,983</u>	<u>2,062,420</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, 2002**

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Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	2,774,276	<u>\$ 2,774,276</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			188,731	
Add: Current Year Outstanding Warrants			145,523	
Ending Cash Balance			<u>\$ 3,108,530</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
HEALTH DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2002**

	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 340,544	\$ 340,544	\$ 340,544	\$ -
Less: Prior Year Outstanding Warrants	(8,899)	(8,899)	(8,703)	196
Less: Prior Year Encumbrances	(39,862)	(39,862)	(30,444)	9,418
Beginning Cash Balances, Budgetary Basis	<u>291,783</u>	<u>291,783</u>	<u>301,397</u>	<u>9,614</u>
Receipts:				
Ad Valorem Taxes	241,182	241,182	282,401	41,219
Charges for Services		5,153	5,153	
Intergovernmental		11,923	14,695	2,772
Miscellaneous Revenues		7,637	7,637	
Total Receipts, Budgetary Basis	<u>241,182</u>	<u>265,895</u>	<u>309,886</u>	<u>43,991</u>
Expenditures:				
Health and Welfare	332,965	316,000	210,973	105,027
Capital Outlay	200,000	241,678	1,468	240,210
Total Expenditures, Budgetary Basis	<u>532,965</u>	<u>557,678</u>	<u>212,441</u>	<u>345,237</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	398,842	<u>\$ 398,842</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			58,663	
Add: Current Year Outstanding Warrants			4,222	
Ending Cash Balance			<u>\$ 461,727</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, 2002**

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Court	\$ 249,696	\$ 1,954,602	\$ 1,292,227	\$ 789	\$ 912,860
Court Fund	178,518	695,309	720,471		153,356
Court Clerk Revolving	9,922	15,048	3,723		21,247
County Treasurer	102,091	2,135,417	1,544,106	56,102	749,504
County Treasurer Interest Earned		18,908	18,908		
County Assessor Revolving		27,236	27,236		
County Clerk	9,251	169,023	165,161	118	13,231
Film Library	2,353	3,240	2,278		3,315
County Sheriff		220,347	220,347		
District Attorney Highway Task Force	2,991	113,129	115,787	128	461
District Attorney Interstate Task Force	20,436	6,000	9,525	299	17,210
911 Account		68,484	68,484		
Panhandle Dispute Mediation	305	1,470	1,270		505
Juvenile Detention		281,146	281,146		
County Health Department	2,340	35,738	36,154		1,924
County Election Board		7,150	7,516	385	19
District Attorney Restitution and Diversion Account	24,820	9,793	14,893	5,344	25,064
District Attorney Bogus Check Restitution	7,638	140,756	105,184	2,128	45,338
District Attorney Witness Fee	5,880	1,000	7,668	1,066	278
District Attorney Property Forfeiture	344,989	24,555	155,220	2,192	216,516
Total Official Depository Accounts	\$ 961,230	\$ 5,928,351	\$ 4,797,304	\$ 68,551	\$ 2,160,828

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. The funds presented are established by statute, and their operations are under the control of the Board of County Commissioners. 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 the 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 the 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, 2002.

F. Risk Management

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

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

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-Insured 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 \$13,883,852 and the bank balance was \$13,972,850. 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 authorizes the County Treasurer to invest in:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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.

Local Emergency Planning - 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 cash and state and local revenues.

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 Fee - accounts 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 Records Preservation Fee - 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 disbursement of funds received from the State of Oklahoma for the upgrade of Assessor computer equipment.

OSU Extension - accounts for the collection of sales tax money and the disbursement for the operations of the extension office.

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

TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Detailed Notes on Funds and Account Balances (continued)

Sheriff Commissary - accounts for the collection of fees from purchases of commissary goods for 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 disbursement 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 operations of the Sheriff's office.

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

Juvenile Detention - accounts for the collections from the State of Oklahoma and 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 federal funds for the breakfast and lunch program.

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

Community 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 - accounts 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.

County Sinking - accounts 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.

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

Detailed Notes on Funds and Account Balances (continued)

Cities and Towns - accounts for OTC 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.

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

Free Fair/Activity Center - accounts for the collection of sales tax money and the disbursement for the operations 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.

Tax Refund - accounts for over-collections of ad valorem taxes and disbursements account for refunds to the taxpayers of Texas County.

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

Additionally, the following accounts are included in the official depository account.

County Assessor Revolving - deposits are from copy fees and reimbursement of revaluation expenses paid by governmental entities receiving ad valorem taxes. Disbursements are made for transfers to the Assessor's cash fund for operating expenses.

County Clerk - deposits include collections for recording fees, fax and copy fees, etc. Disbursements are made for transfers to the general and other county funds, to the Oklahoma Tax Commission, and for any refunds.

District Court - The "court clerk" or "district court" trust account is for money received from attorneys, defendants, plaintiffs, estates or others. These deposits are for court fees, cash bonds, judgments, fines, etc. The court clerk acts as custodian in a fiduciary capacity for these deposits until the court fees are assessed, fines imposed, judgments rendered, etc. Disbursements are made to transfer funds to the court fund, the court clerk revolving fund, the Oklahoma Supreme Court, other state agencies, for refunds of excess deposits, or for other distributions as ordered by the court.

Court Clerk Revolving - This account is established by 19 O.S. § 220. Deposits are from certain fees charged on court cases. Disbursements are for operating expenses of the district court.

Detailed Notes on Funds and Account Balances (continued)

Court Fund - This account is established by 20 O.S. § 1301. Its purpose is for "defraying the expenses of holding court" and is the local operating fund for the court. Deposits made to the court fund are fees which have been charged to the various court cases, collected by the court clerk, then transferred from the court clerk (or district court) trust account.

County Sheriff - deposits are for cash bonds, service fees, payments for inmate housing, mental health transport fees, sheriff sales, tax warrants collected, copies, etc. Disbursements are made to transfer funds collected to the Court Clerk, the County Treasurer for apportionment to the general and other county funds, the Oklahoma Tax Commission or other state agencies, as required.

County Treasurer - deposits are for advance payments of real and personal property taxes, motor vehicle stamp collections, and interest earned on the official bank account. The account is also used as a "suspense" account for payments that are "long" or "short", with refunds or additional collections made, as required by the circumstance. Disbursements are made to transfer funds collected to the general and other county funds, to the Oklahoma Tax Commission, or for refunds.

County Treasurer Interest Earned - accounts for interest earned on investments of county funds. Disbursements are apportioned to the county funds in accordance with a resolution passed by the Board of Commissioners.

District Attorney Highway Task Force - Funded by federal grants, this account is used for drug interdiction and law enforcement efforts.

District Attorney Interstate Task Force - Funded by federal grants, this account is used for drug interdiction and law enforcement efforts.

District Attorney Restitution and Diversion - This account is authorized by 22 O.S. § 991f-1.0-1.1 and accounts for collection and disbursement of restitution payments from perpetrators to the victims of property crimes.

District Attorney Witness Fee - Funded by the state, the account is used for witness expenses.

District Attorney Bogus Check Restitution - This account is established by 22 O.S. § 111 et seq. and includes collections of victim fees, restitution, and District Attorney fees from individuals who have written bogus checks. Disbursements are for the fees and restitution paid to victims and for D.A. operational expenses.

District Attorney Drug Property Forfeiture - Established by 63 O.S. § 2-503 et seq., deposits are from seizures of money and property related to drug offenses. Disbursements are for drug law enforcement and other operational expenses.

Detailed Notes on Funds and Account Balances (continued)

County Election Board - Deposits are from the State Election Board and from local government entities for the purpose of offsetting election costs. Disbursements are made for election workers, printing costs, and other operating expenses.

County Health Department - accounts for collections of fees for services performed by the county health department. Disbursements are transfers to the health department fund used to pay operational expenses.

Film Library - collections are from schools using the library and disbursements are for expenses and purchases of educational films.

Juvenile Detention - accounts for payments from the state maintaining juvenile detention bed space and other counties for housing juvenile offenders. Disbursements are transfers to the operational fund for the Juvenile Detention Center.

Panhandle Dispute Mediation - accounts for fees for mediation services. Disbursements are transfers to the County General Fund.

911 Account - accounts for taxes collected and disbursed for the operation of the emergency 911 phone system.

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, 2001, was approximately \$165,812,197.

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.

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, 2002, were approximately 99.9 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

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 operation of the County including the payment of debt service on the bonds. The one percent sales tax will be in effect for the period beginning August 1, 1994 through July 31, 2009.

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 as of 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 year ended June 30, 2002, the Texas County Development Authority received \$1,710,396 in sales tax and user revenue. The County general fund received \$71,080. 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 \$990,030.

**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, 2002, and have issued our report thereon dated July 28, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Finding 2002-2 - Purchase Orders

Criteria: According to Title 19 O.S. 2001, § 1505, items will be requested by the requisitioning officer prior to being received.

Condition: Four exceptions were noted where goods or services were received prior to being encumbered.

<u>Warrant</u>	<u>Purchase Order</u>	<u>Vendor</u>	<u>Office</u>
441	220917	Vega Sand & Gravel	District 3
441	220992	Vega Sand & Gravel	District 3
497	225359	Wal-Mart	Juvenile
705	224785	Wal-Mart	Sheriff

Recommendation: We recommend the County adhere to purchasing procedures as set forth in accordance with Title 19 O.S. 2001, § 1505.

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 below.

Finding 2002-1 - Ad Valorem Receipts

Criteria: Good internal controls dictate the county treasurer issue prenumbered duplicate receipts, documenting the date received, the receipt number, mode of payment and the amount paid.

Condition: While performing the cash compositions for ad valorem tax that receipts do not document the date received, receipt number, mode of payment or if all or half of 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.

Finding 2002-3 - Resale Property

Criteria: Good internal controls dictate that all cash voucher claims be supported by an appropriate invoice, designating the amount and the vendor for which the claim is to be paid.

Condition: Two claims of the five claims tested in the resale property fund did not have invoices or other supporting documentation attached to the claim.

1. Warrant #13 to Purchase Power for \$1,000 for postage
2. Warrant #69 to U.S. Postmaster for \$2,800 for postage

Recommendation: We recommend all cash voucher claims paid be supported by an attached invoice detailing the vendor, date, amount, and service or goods purchased.

Finding 2002-4 - Accumulated Leave Balances

Criteria: The County's personnel manual indicates the maximum annual leave accumulation shall be limited to 30 days (240 hours) "at any time".

Condition: A review of the County's leave balance report for June 2002 indicated twenty employees with leave balances accrued in excess of 240 hours. The number of employees in excess of the accumulated limit declined to 6 after deducting leave used on the same report.

Recommendation: The County should evaluate its policies and procedures concerning leave accumulations to consider whether any additional procedures are necessary to enforce the leave policy. Additionally, the County's leave report should be periodically analyzed and recalculated to determine its accuracy.

Finding 2002-5 - Equipment Inventory

Criteria: According to 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: Numerous pickups, trucks, trailers, and other road equipment and machinery were marked on one side only, or were not marked on either side.

Effect: Making 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 is not being done.

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 69 O.S. 2001, § 645.

Finding 2002-6 - Monthly Reports

Criteria: According to 19 O.S. 2001, § 684, county officers and officials must file a monthly report with the county clerk that shows:

“...the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.”

Condition: The monthly report filed by the Sheriff's office was a very old form, and the amounts being reported were for in-county sheriff service fees only. Other collections, such as foreign (out-of-county) service fees, DOC payments for inmate housing, mental health transport fees, and the occasional sheriff sale were not being reported on the monthly filing.

Effect: The Sheriff's monthly report filed with the county clerk was underreporting monthly collections. However, the impact was mitigated by the Sheriff transferring total collections each month and reporting the various sources of revenue to the County Treasurer.

Recommendation: The Sheriff's office should revise its monthly report to include all sources of collections deposited to its official depository account, as required by the above statute. The amounts reported should reconcile to the deposits made into the Sheriff's official depository account each month.

Finding 2002-7 - Segregation of Duties

Criteria: Good internal controls require a segregation of duties in the receipting, depositing, disbursing, recording, and reporting of cash receipts and cash disbursements.

Condition: A review of the receipts, deposits, vouchers, and ledger for the Sheriff's official depository account indicated only one individual, the Sheriff, was primarily involved in all aspects of the record keeping for this account.

Effect: Besides the lack of segregation of duties, there is also a business continuity risk if the Sheriff is unable to perform these duties due to injury or illness.

Recommendation: As much as possible, the duties should be segregated among several individuals and/or rotated among several individuals on a weekly or monthly basis, with the Sheriff supervising the official depository account and reconciling the account with the Treasurer.

Finding 2002-8 - Official Depository/Inmate Trust

Criteria: Good internal controls require that deposits of cash received be frequent enough to safeguard assets. Title 19 2001, § 682 requires "each and every county officer...to deposit daily...(all collections) collected by virtue or under color of office."

Condition: For a five month period (February-June of 2002) reviewed, collections of inmate trust funds were being deposited approximately once per week.

Recommendation: We recommend inmate trust funds collected be deposited daily, in accordance with Title 19 O.S. 2001, § 682. If collections occur on an irregular basis, at a minimum, the deposits should be made twice per week, following the twice per week visitation periods.

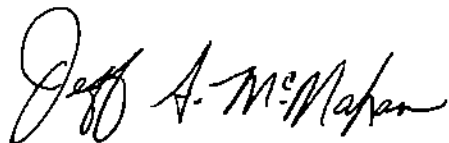
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, we consider items 2002-4, 2002-5, 2002-6, 2002-7, and 2002-8 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 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. McMahon". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN
State Auditor and Inspector

July 28, 2003

Corrective Action Plan

RAY DEPUY
DISTRICT 1

GARY WINTERS
DISTRICT 2

HARVEY HALE
DISTRICT 3

TEXAS COUNTY
BOARD OF COMMISSIONERS

Box 197

GUYMON, OKLAHOMA 73942

405-338-3233

STATE AUDITOR AND INSPECTOR
1401 LERA, SUITE 9
WEATHERFORD OK 73096

SUBJECT: Corrective Action Plan

Finding # 2002-2 - PURCHASE ORDERS

Texas County will adhere to the purchasing laws and not allow to pay purchase orders where goods or services were received prior to being encumbered in the future.

Finding # 2002-3 - RESALE PROPERTY

The two claims found were for postage which a warrant is written and the when the treasurer purchases the postage she brings back the supporting documents to attach to the claim. The Treasurer failed to return the documents on the two claims. The County Clerk will watch this and be sure to get the documents in the future.

Finding # 2002-4 - ACCUMULATED LEAVE BALANCES

The computer system has a maximum accumulation to enter. This was done. The system failed to work like it is supposed to. The County Clerk will coordinate with the computer support person to correct this. Also, Texas County is looking at a new computer system this year so we feel this will not be a problem next year.

Finding # 2002-5 - EQUIPMENT INVENTORY

In the future Texas County will be sure to mark the equipment conspicuously and legibly on each side.

You will find attached the corrective action plan for the Treasurer and Sheriff.

Sincerely,
For the Board of Texas
County Commissioners

Marcia Hollingshead
Marcia Hollingshead
Texas County Clerk



August 7, 2003

Marcia Hollingshead, County Clerk

Re: State Auditors Report Response

Regarding item #2002-6

We have revised our monthly report to reflect all sources of collections which are deposited into the depository account.

Regarding item # 2002-7

We are like many other government offices and are loaded to the maximum with duties and my employees are doing everything they can do. We do segregate duties as best we can but I feel that rotating financial duties between several people for a week and then on to someone else is leaving a large margin for error without accountability.

Regarding item #2002-8

Inmate trust funds are collected on an irregular basis and we do our best to deposit them in the Bank at least twice a week and sometimes more, but on occasion when things are hectic, we might only get there once a week. However, funds are kept in a secure area with only Sheriff and Undersheriff having keys.

Respectfully,

Arnold Peoples
Texas County Sheriff



Rita Wise

TEXAS COUNTY TREASURER

P.O. Box 509 • Guymon, Oklahoma 73942

580-338-7050

August 6, 2003

Oklahoma State Auditor and Inspector
Weatherford District
1401 Lera, Suite 9
Weatherford, Ok 73942

Subject- Finding #2002-1

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.

Subject- Finding #2002-3

We do not have an invoice when we pay postage. We have the Pitney Bowers Postage by Phone so I call in the amount of postage that we need and fill out a sheet with the amount, account number and they give me a setting number.

I will attach my Postage by Phone Meter Setting sheet with my resale claim.

Sincerely,

A handwritten signature in cursive script that reads "Rita Wise".

Rita Wise
Texas County Treasurer

**Statistical Data
(Unaudited)**

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

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Seaboard Farms Inc.	\$ 21,924,757	13.22%
2 Williams Field Services Co.	6,068,912	3.66%
3 Vall Inc.	3,767,043	2.27%
4 Hitch Enterprises Inc.	3,449,455	2.08%
5 Duke Energy Field Service Inc.	3,445,827	2.08%
6 Southwestern Public Service Co.	3,336,553	2.01%
7 Panhandle Telephone Coop Inc.	3,094,102	1.87%
8 Eaglenet Inc.	2,954,460	1.78%
9 Williams Gas Processing	2,384,635	1.44%
10 Panhandle Eastern Pipeline Co.	2,076,696	1.25%
Total	<u>\$ 52,502,440</u>	<u>31.66%</u>

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

Total net assessed value as of January 1, 2001		<u>\$ 165,812,197</u>
Debt limit - 5% of total assessed value		\$ 8,290,610
Total bonds outstanding	0	
Total judgments outstanding	0	
Less cash in sinking fund	<u>0</u>	<u>-</u>
Legal debt margin		<u>\$ 8,290,610</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, 2002
(UNAUDITED)**

	<u>2002</u>
Estimated population	<u>18,329</u>
Net assessed value	<u>\$ 165,812,197</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0%</u>
Net bonded debt per capita	<u>\$ -</u>

**TEXAS COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2002
(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>
2001	\$57,135,808	\$21,395,172	\$91,046,200	\$3,764,983	\$165,812,197	\$24,152,457