

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

March 28, 2005

TO THE CITIZENS OF  
WASHINGTON COUNTY, OKLAHOMA

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

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

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

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

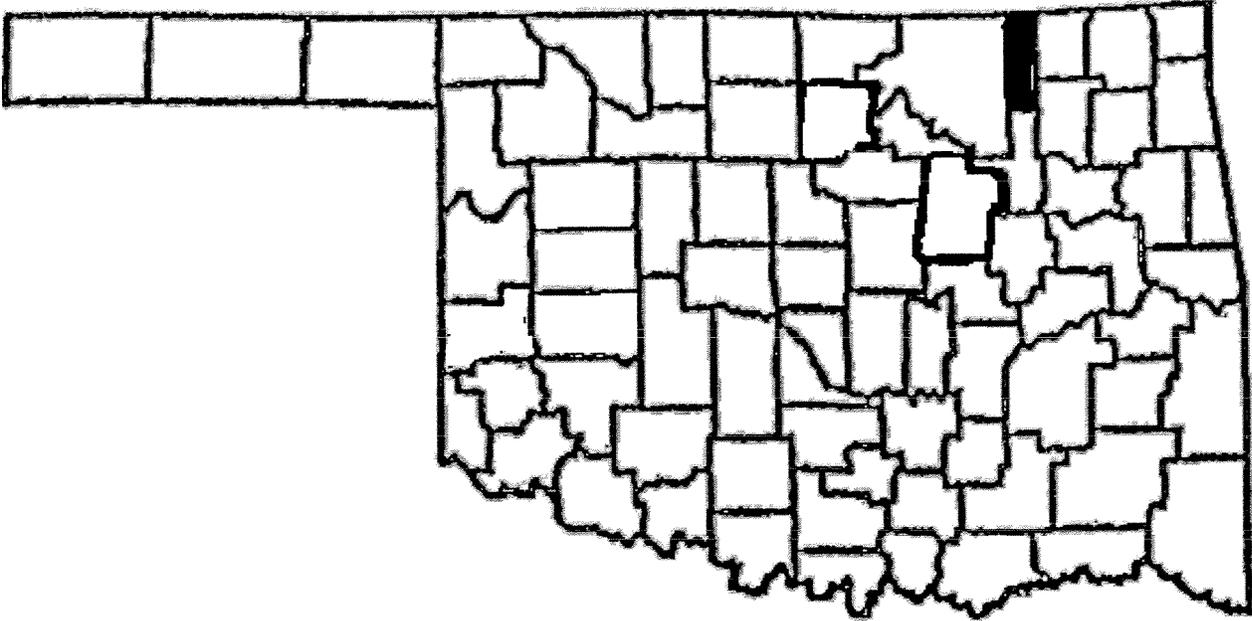
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REPORT TO THE CITIZENS  
OF  
WASHINGTON COUNTY, OKLAHOMA

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Washington County was created at statehood and was named for President George Washington. Bartlesville, the county seat, was the site of the first commercial oil well in Oklahoma. The town of Dewey was the first in Oklahoma to have electric lights, water works, and a telephone line.

County Seat – Bartlesville

Area – 416.9 Square Miles

County Population – 48,996  
(2000 est.)

Farms – 768

Land in Farms – 237,661 Acres

Source: Oklahoma Almanac – 2003-2004

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Todd Mathes  
(R) Bartlesville

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**  
Marjorie Parrish  
(R) Bartlesville

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.

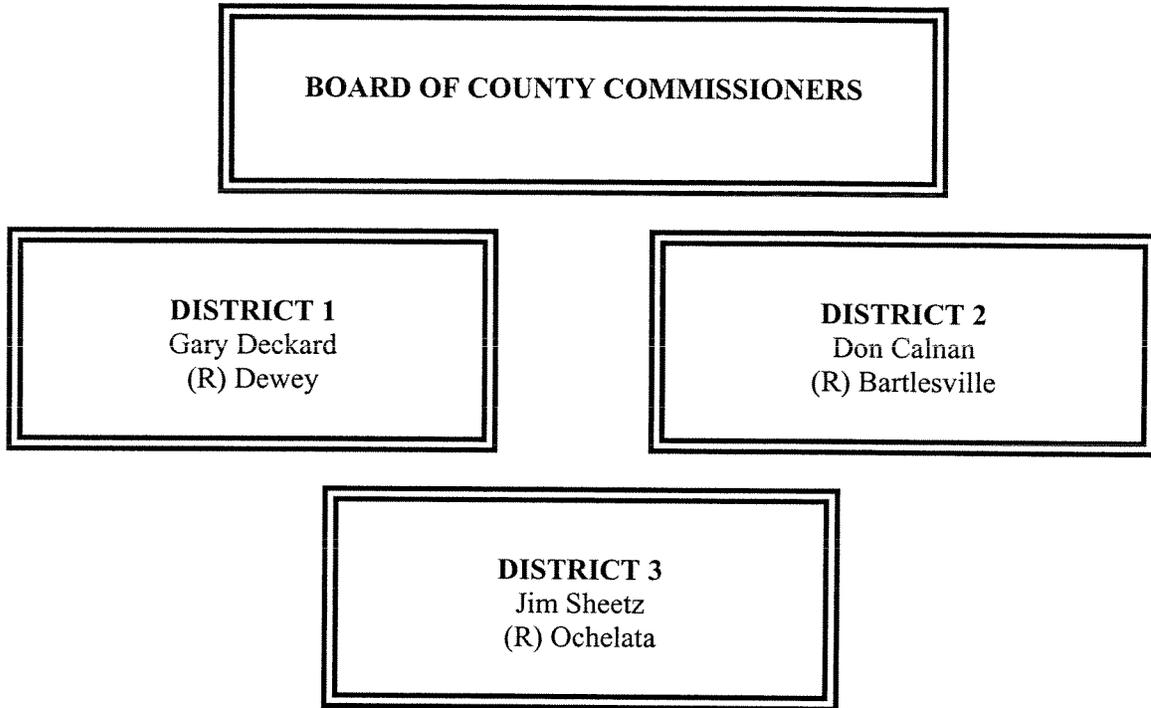
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

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

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

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Patrick Ballard  
(R) Bartlesville

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**  
Stan Stevens  
(R) Bartlesville

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**

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**COURT CLERK**  
Rosalie Cowan  
(R) Bartlesville

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**  
Frederick S. Esser  
(R) Bartlesville

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.

**ELECTION BOARD SECRETARY**

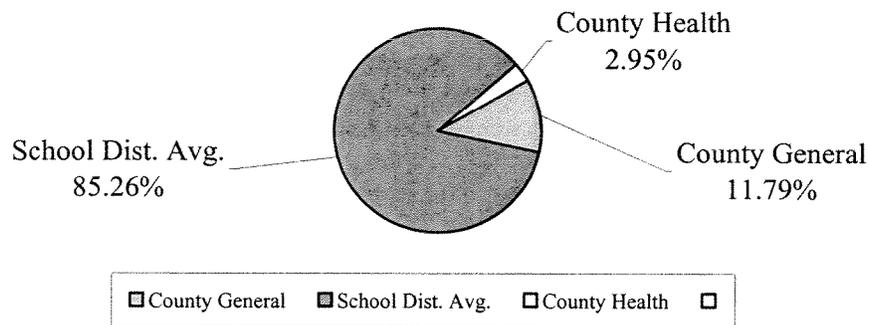
Brad Johnson  
(R) Bartlesville

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 TAX DISTRIBUTION  
WASHINGTON 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.	Career Tech	Common	Total
Co. General	10.00	Bartlesville	I-30	35.00	5.00	19.63	15.00	4.00	78.63
County Health	2.50	Dewey	I-7	35.00	5.00	13.30	15.00	4.00	72.30
		Copan	I-4	35.00	5.00	5.55	15.00	4.00	64.55
		Caney Valley	I-18	35.00	5.00	14.79	15.00	4.00	73.79
		Nowata	J-3	35.00	5.00	15.33	15.00	4.00	74.33
		Collinsville	J-6	35.00	5.00	15.64	15.00	4.00	74.64
		Skiatook	J-7	35.00	5.00	22.37	15.00	4.00	81.37
		Avant	J-35	35.00	5.00		15.00	4.00	59.00

See independent auditor's report.

## **Financial Section**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
WASHINGTON COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Washington 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 Washington 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 Washington 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 Washington 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 Washington 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 August 30, 2004, on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

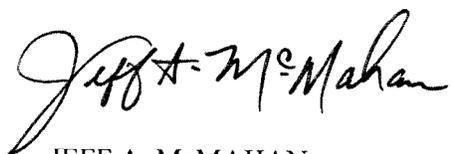
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Washington County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly,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

JEFF A. McMAHAN  
State Auditor and Inspector

August 30, 2004

**Special-Purpose Financial Statements**

**WASHINGTON 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
General Fund	\$ 1,304,112	\$ 5,689,442	\$ 5,594,190	\$	\$ 1,399,364
Highway Cash	744,624	2,118,829	2,229,986		633,467
County Health	540,321	556,791	640,806		456,306
Sheriff Service Fee	272,816	181,473	220,946		233,343
Sheriff Lake Fee	7,834	5,992	4,656		9,170
Mortgage Certification Fee	16,148	18,455	17,153		17,450
Clerk Lien Fee	2,370	15,525	5,965		11,930
Resale Property	23,180	120,630	125,611		18,199
Trash Cop	150				150
CSSP	5,678	16,225	18,288		3,615
Cops Grant	110				110
Assessor's Visual Inspection	10,318	2,611	4,250		8,679
DARE	14,195	2,240	2,416		14,019
Board of Prisoners	121,124	54,452	61,532		114,044
Equipment Grant	5,443	16,779	17,613		4,609
Forestry Grant	339	2,360	900		1,799
Court Clerk Revolving	990	355			1,345
STOP Grant	5,990	15	16		5,989
Drug Task Force	12,059	25,012	36,587		484
VOCA Grant	5,667	3,738	7,435		1,970
COPS in School	15,394	62,352	58,418		19,328
Preservation Fees	14,740	70,630	59,690		25,680
CDBG		3,075			3,075
Insurance Reimbursement	12,665		6,049		6,616
Cities and Towns	37,495	2,783,222	2,777,680		43,037
Official Depository	870,436	6,904,423	6,816,793	71,962	1,030,028
Building Trust	438,763	213,618	584,682		67,699
HMEP	352	20,012	19,545		819
Free Fair	17,680	20,642	24,967		13,355
Juvenile Detention	4,486	5,285	6,693		3,078
Reward Fund	944				944
Elder Watch	168				168
Law Library	39,808	21,566			61,374
State Election	360				360
Tax Refunds	4,934	28,189	28,251		4,872
Emergency 911	7,586	113,933	88,396		33,123
Tax Warrants	2,777				2,777
Sheriff Commissary	7,985	72,000	63,404		16,581
Emergency Oper. Service	66,782	74,266	36,197		104,851
Protest Tax	37,413	306,751	11,437		332,727
Ind. Redemption	2,055	52,692	46,113		8,634
Current Year Outage	9,253	127	9,328		52
Truth in Sentencing	750	3,200	2,325		1,625
Schools	64,122	16,707,508	16,634,144		137,486
<b>Total County Funds</b>	<b>\$ 4,750,416</b>	<b>\$ 36,294,415</b>	<b>\$ 36,262,462</b>	<b>\$ 71,962</b>	<b>\$ 4,854,331</b>

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

**WASHINGTON 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	Actual	Variance
Beginning Cash Balances	\$ 1,304,112	\$ 1,304,112	\$ 1,304,112	\$ -
Less: Prior Year Outstanding Warrants	(150,660)	(150,660)	(150,660)	
Less: Prior Year Encumbrances	(113,498)	(113,498)	(284,198)	(170,700)
Beginning Cash Balances, Budgetary Basis	<u>1,039,954</u>	<u>1,039,954</u>	<u>869,254</u>	<u>(170,700)</u>
Receipts:				
Ad Valorem Taxes	2,057,516	2,057,516	2,301,855	244,339
Sales Tax	2,069,427	2,185,766	2,289,102	103,336
Charges for Services	211,516	211,516	318,265	106,749
Intergovernmental Revenues	411,134	411,134	427,852	16,718
Miscellaneous Revenues	69,494	69,494	352,368	282,874
Total Receipts, Budgetary Basis	<u>4,819,087</u>	<u>4,935,426</u>	<u>5,689,442</u>	<u>754,016</u>
Expenditures:				
District Attorney	36,000	26,951	26,452	499
Capital Outlay	1,000			
Total District Attorney	<u>37,000</u>	<u>26,951</u>	<u>26,452</u>	<u>499</u>
County Sheriff	443,537	442,922	435,017	7,905
Capital Outlay	25,000	15,000		15,000
Total County Sheriff	<u>468,537</u>	<u>457,922</u>	<u>435,017</u>	<u>22,905</u>
County Treasurer	169,999	169,999	169,792	207
Capital Outlay	1	1		1
Total County Treasurer	<u>170,000</u>	<u>170,000</u>	<u>169,792</u>	<u>208</u>
County Commissioners	156,884	155,138	155,078	60
Capital Outlay	2,817	2,817	2,759	58
Total County Commissioners	<u>159,701</u>	<u>157,955</u>	<u>157,837</u>	<u>118</u>
OSU Extension	92,564	91,706	91,448	258
Capital Outlay		858	858	
Total OSU Extension	<u>92,564</u>	<u>92,564</u>	<u>92,306</u>	<u>258</u>
County Clerk	279,442	278,790	278,764	26
Capital Outlay	1,500	1,871	1,871	
Total County Clerk	<u>280,942</u>	<u>280,661</u>	<u>280,635</u>	<u>26</u>
Court Clerk	260,862	260,862	257,589	3,273
Capital Outlay	1,400	1,400	600	800
Total Court Clerk	<u>262,262</u>	<u>262,262</u>	<u>258,189</u>	<u>4,073</u>

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	154,783	154,783	154,774	9
Capital Outlay	1	1		1
Total County Assessor	154,784	154,784	154,774	10
Revaluation of Real Property	208,118	216,292	216,232	60
Capital Outlay	3,000	3,000	2,999	1
Total Revaluation of Real Property	211,118	219,292	219,231	61
Emergency Operating	89,589	92,120	92,105	15
Capital Outlay	4,000	2,510	2,510	
Total Emergency Operating	93,589	94,630	94,615	15
Volunteer Fire Fighters	7,700	8,700	8,689	11
Capital Outlay	1,000			
Total Volunteer Fire Fighters	8,700	8,700	8,689	11
General Government	276,904	298,630	282,232	16,398
Capital Outlay	45,789	24,395	3,801	20,594
Total General Government	322,693	323,025	286,033	36,992
Total Excise-Equalization Board	3,500	3,500	3,251	249
County Election Board	109,561	106,777	103,634	3,143
Capital Outlay	1,000	2,100	1,960	140
Total County Election Board	110,561	108,877	105,594	3,283
Free Fair	100,967	100,492	100,360	132
Capital Outlay	11,000	11,475	11,475	
Total Free Fair	111,967	111,967	111,835	132
Total Emergency 911	36,659	36,659	36,346	313
Total Juvenile Detention	22,000	35,000	31,761	3,239
Total County Audit	60,285	60,285	60,285	-
Information Technology	155,119	155,315	149,375	5,940
Capital Outlay	6,000	6,279	6,234	45
Total Information Technology	161,119	161,594	155,609	5,985
Total Charity	500	500	250	250
Total Insurance	506,294	506,653	443,919	62,734
Total HAIL	-	6,049	6,049	-
Sales Tax Jail	637,326	657,326	651,481	5,845
Capital Outlay	30,000	10,000	2,990	7,010
Total Sales Tax Jail	667,326	667,326	654,471	12,855

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

**WASHINGTON 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
Sales Tax District 1	418,149	453,281	384,463	68,818
Capital Outlay	50,000	78,488	77,960	528
Total Sales Tax District 1	<u>468,149</u>	<u>531,769</u>	<u>462,423</u>	<u>69,346</u>
Sales Tax District 2	436,937	356,937	340,502	16,435
Capital Outlay	50,000	130,000	105,784	24,216
Total Sales Tax District 2	<u>486,937</u>	<u>486,937</u>	<u>446,286</u>	<u>40,651</u>
Sales Tax District 3	504,851	516,046	506,023	10,023
Capital Outlay	50,000	86,000	77,559	8,441
Total Sales Tax District 3	<u>554,851</u>	<u>602,046</u>	<u>583,582</u>	<u>18,464</u>
Sales Tax Renovation	205,001	217,703	217,121	582
Capital Outlay	1	1		1
Total Sales Tax Renovation	<u>205,002</u>	<u>217,704</u>	<u>217,121</u>	<u>583</u>
Sales Tax General	155,001	178,299	154,771	23,528
Capital Outlay	45,000	9,000	9	8,991
Total Sales Tax General	<u>200,001</u>	<u>187,299</u>	<u>154,780</u>	<u>32,519</u>
Provision for Interest on Warrants	<u>2,000</u>	<u>2,469</u>	<u>2,469</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>5,859,041</u>	<u>5,975,380</u>	<u>5,659,601</u>	<u>315,779</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	899,095	<u>\$ 899,095</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			204,849	
Add: Current Year Outstanding Warrants			295,420	
Ending Cash Balance			<u>\$ 1,399,364</u>	

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

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

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 540,321	\$ 540,321	\$ 540,321	\$ -
Less: Prior Year Outstanding Warrants	(36,804)	(36,804)	(36,804)	
Less: Prior Year Encumbrances	(11,588)	(11,588)	(10,242)	1,346
Beginning Cash Balances, Budgetary Basis	<u>491,929</u>	<u>491,929</u>	<u>493,275</u>	<u>1,346</u>
Receipts:				
Ad Valorem Taxes	523,243	522,179	522,200	21
Charges for Service		19,749	26,269	6,520
Miscellaneous Revenues			8,322	8,322
Total Receipts, Budgetary Basis	<u>523,234</u>	<u>541,928</u>	<u>556,791</u>	<u>14,863</u>
Expenditures:				
Health and Welfare	1,005,163	1,032,254	659,612	372,642
Capital Outlay	10,000	1,603	1,383	220
Total Expenditures, Budgetary Basis	<u>1,015,163</u>	<u>1,033,857</u>	<u>660,995</u>	<u>372,862</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	389,071	<u>\$ 389,071</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			60,230	
Add: Current Year Outstanding Warrants			7,005	
Ending Cash Balance			<u>\$ 456,306</u>	

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

**WASHINGTON 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 Balance July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balance June 30, 2003
District Attorney	\$ 92,570	\$ 538,472	\$ 509,854	\$ 312	\$ 121,500
Sheriff	1,294	358,670	351,462		8,502
Treasurer	126,084	2,296,020	2,326,742	16,817	112,179
Assessor	150	1,386	1,436		100
County Clerk	44,579	627,276	602,804		69,051
Court Fund	85,793	832,872	690,391		228,274
Court Clerk Revolving Fund	49,682	21,929	6,425		65,186
District Court	260,407	2,145,306	2,103,626	53,699	355,786
Encumbrance Account	154,596		154,596		
Election Board	270	38,530	39,787	1,134	147
Health Department	2,740	25,205	23,195		4,750
Building Repair	388				388
Courthouse Building - Rent	51,883	18,757	6,475		64,165
 Total Official Depository Accounts	 <u>\$ 870,436</u>	 <u>\$ 6,904,423</u>	 <u>\$ 6,816,793</u>	 <u>\$ 71,962</u>	 <u>\$ 1,030,028</u>

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

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

B. Fund Accounting

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

C. Basis of Accounting

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

D. Budgetary Policies

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

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

Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash 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 in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group (See ACCO-SIG).	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool’s limits.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employees - Medical - Disability - Dental - Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members 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 chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen 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 amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

G. Compensated Absences

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and may be accumulated. The amount of accumulated unpaid vacation benefits is not material to the financial statements for the fiscal year ending June 30, 2003.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$4,854,331 and the bank balance was \$4,894,781. 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 acceptances which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments.

B. Description of Funds

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

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

Detailed Notes on Account Balances (continued)

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

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

Sheriff Lake Fee – revenues are from the Corps of Engineers. Disbursements are for the expense of patrolling Corps lands.

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

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

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

Trash Cop – revenues are from a state grant. Disbursements are to enforce litter laws.

CSSP – revenues are from the State Department of Corrections to reimburse the County for the expense of administering the Community Service Sentencing Program.

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

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

DARE – revenues are from a federal grant and donations for drug education. Disbursements are for payroll of drug officers who go into schools and teach Drug Abuse Resistance Education.

Board of Prisoners – revenues are from fees charged for boarding prisoners of non-county entities in the County jail. Disbursements are for feeding and housing inmates of the County jail.

Equipment Grant – revenues are from a Department of Justice grant. Disbursements are for the purchase of Sheriff's equipment.

Forestry Grant – revenues are from a state grant. Disbursements are for the fire fighting services.

Court Clerk Revolving – revenues are from fees charged by the Court Clerk. Disbursements are for any legal expense of the Court Clerk's office.

Detailed Notes on Account Balances (continued)

STOP Grant – revenues are from a Department of Justice grant. Disbursements are for violence prevention by the Sheriff's office.

Drug Task Force – revenues are from grant funds and property forfeitures. Disbursements are for fighting drug trafficking within the district.

VOCA Grant – revenues are from a federal grant. Disbursements are for the prevention of and aiding victims of domestic violence.

COPS in School – revenues are from a federal grant. Disbursements are for more police presence in area schools.

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

CDBG – revenues are from a federal grant. Disbursements are for economic development.

Insurance Reimbursement – revenues are from an insurance claim. Disbursements are for the repair of the damaged property.

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

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

Building Trust – revenues are from rental fees on property owned by the Washington County Building Authority. Disbursements are at the discretion of the Authority.

HMEP – revenues are from an environmental protection grant. Disbursements are for the controlling of hazardous materials.

Free Fair – revenues are from the rental of fairground properties. Disbursements are for the expense of the County free fair.

Juvenile Detention – revenues are from state reimbursements. Disbursements are for providing temporary detention services for juveniles.

Reward Fund – revenues are from a state grant and monies collected from fines. Disbursements are to prevent the dumping of trash throughout the County.

Detailed Notes on Account Balances (continued)

Elder Watch – balance of federal grant received to prevent crimes against the elderly.

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

State Election – revenues are from reimbursements for the expense of elections. Disbursements are for providing election services.

Tax Refunds – Deposits are from overpayments of ad valorem taxes. Disbursements are made to refund these amounts to the payers.

Emergency 911 – revenues are from a tariff charged to telephone customers. Disbursements are to offset the expense of the 911 emergency service.

Tax Warrants – revenues are from fees earned by the Sheriff for serving state tax warrants. Disbursements are for any lawful expense of the Sheriff's office.

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

Emergency Operation Service – accounts for the collection and disbursement of monies used for any civil defense expenses.

Protest Tax – Ad valorem taxes paid under protest are held in this account pending the outcome of the protest.

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

Current Year Outage – This is a utility account used by the Treasurer to account for refunds due prior to the collection of taxes from which to pay the refunds.

Truth in Sentencing – revenues are from state funds to reimburse the County for expenses incurred in community sentencing services.

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

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

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Detailed Notes on Account Balances (continued)

The following narrative details the official depository accounts.

District Attorney – revenues are from bogus check collections, restitution, state reimbursements, grants, confiscated funds and property. Disbursements are for various operating expense of the District Attorney's office and remittances to the proper recipient.

Sheriff – accounts for all collections of foreign service fees and bonds. Monies are disbursed to the Sheriff's Service Fee Fund and the District Court.

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

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

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

Court Fund – accounts for fees transferred from the Court Clerk account and interest earnings and is disbursed for the purpose of fees for various entities, salaries and operation of the Court Clerk's office.

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

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

Encumbrance Account – accounts for court fund monies held from prior year funds to be used for Court Clerk equipment purchases.

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

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

Building Repair – holding account for funds designated for courthouse maintenance.

Courthouse Building-Rent – funds held in trust for the Washington County Building Trust Authority.

Detailed Notes on Account Balances (continued)

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 \$216,580,622.

The County levied 10 mills (the legal maximum) for general fund operations and 2.5 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 98 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.

Detailed Notes on Account Balances (continued)

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

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

5. Sales Tax

On November 7, 2000, the citizens of Washington County approved a one-half (1/2) of one percent sales tax to be collected for the period beginning December 1, 2002, until repealed by the voters. The one-half of one percent sales tax will be used to construct and maintain County roads, to equip and maintain the County jail, and to equip and maintain the County buildings.

**Compliance and Internal Control Section**



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  
WASHINGTON COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Washington County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 30, 2004. Our report includes 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 Washington County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 98-1 to be a material weakness.

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

This report is intended solely for the information and use of the management of the County 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 the 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

August 30, 2004

WASHINGTON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2003

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

**Finding 98-1 - Segregation of Duties (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Based on inquiries of County personnel, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated. Payroll preparation, review and distribution are not adequately segregated.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

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

**Statistical Section  
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Phillips Petroleum Company	\$ 10,976,256	5.07%
Southwestern Bell	4,887,179	2.26%
Public Service Company of Oklahoma	4,301,395	1.99%
Oklahoma Natural Gas	1,576,848	0.73%
Homart	1,371,196	0.63%
Wal-Mart - Massmart	1,320,711	0.61%
Bartlesville Retirement	1,240,592	0.57%
IBM	1,234,462	0.57%
Phillips Pipeline	1,176,729	0.54%
Equidal Partners	1,105,919	0.51%
Total	<u>\$ 29,191,287</u>	<u>13.48%</u>

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

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

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Total net assessed value as of January 1, 2002		<u>\$ 216,580,622</u>
Debt limit - 5% of total assessed value		10,829,031
Total bonds outstanding	-	
Total judgments outstanding	-	
Cash in sinking fund	<u>\$ -</u>	<u>-</u>
Legal debt margin		<u>\$10,829,031</u>

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

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	2003
Estimated population	48,996
Net assessed value as of January 1, 2002	\$ 216,580,622
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

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

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<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/02	\$34,042,664	\$22,636,095	\$173,466,980	\$13,565,117	\$216,580,622	\$1,658,530,490