

**CREEK COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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March 30, 2006

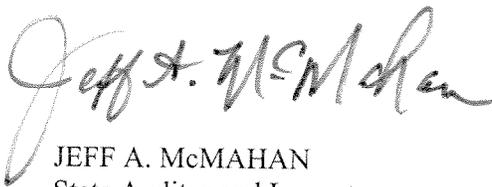
TO THE CITIZENS OF
CREEK COUNTY, OKLAHOMA

Transmitted herewith is the audit of Creek County, Oklahoma, for the fiscal year ended June 30, 2004. 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 serving the public interest by providing independent oversight and by issuing 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". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

**CREEK COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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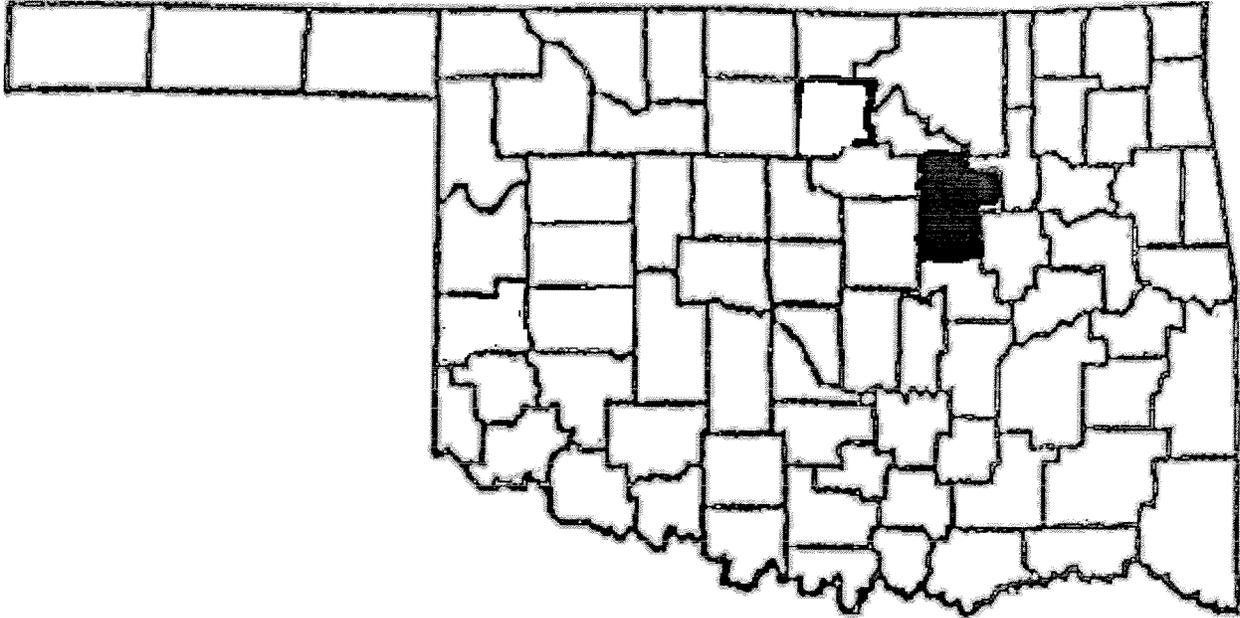
**CREEK COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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REPORT TO THE CITIZENS
OF
CREEK COUNTY, OKLAHOMA



Located in east Central Oklahoma, Creek County was created at statehood. Sapulpa, the county seat, was named for *Sus pul ber*, a Creek leader. The discovery of oil at the Red Fork Field in 1901 marked the beginning of boom times for Creek County.

Creek County is the home of Frankhoma Pottery, Inc., a unique industry which utilizes clay deposits from local Sugar Loaf Hill to manufacture dinnerware and art objects. Its factory and showroom draw visitors from all over the world.

County Seat – Sapulpa

Area – 955.6 Square Miles

County Population – 67,367
(2000 est.)

Farms – 1,475

Land in Farms – 351,400

Primary Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**CREEK COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

COUNTY ASSESSOR
Cynthia Holtwick
(D) Sapulpa

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
Betty Rentz
(D) Sapulpa

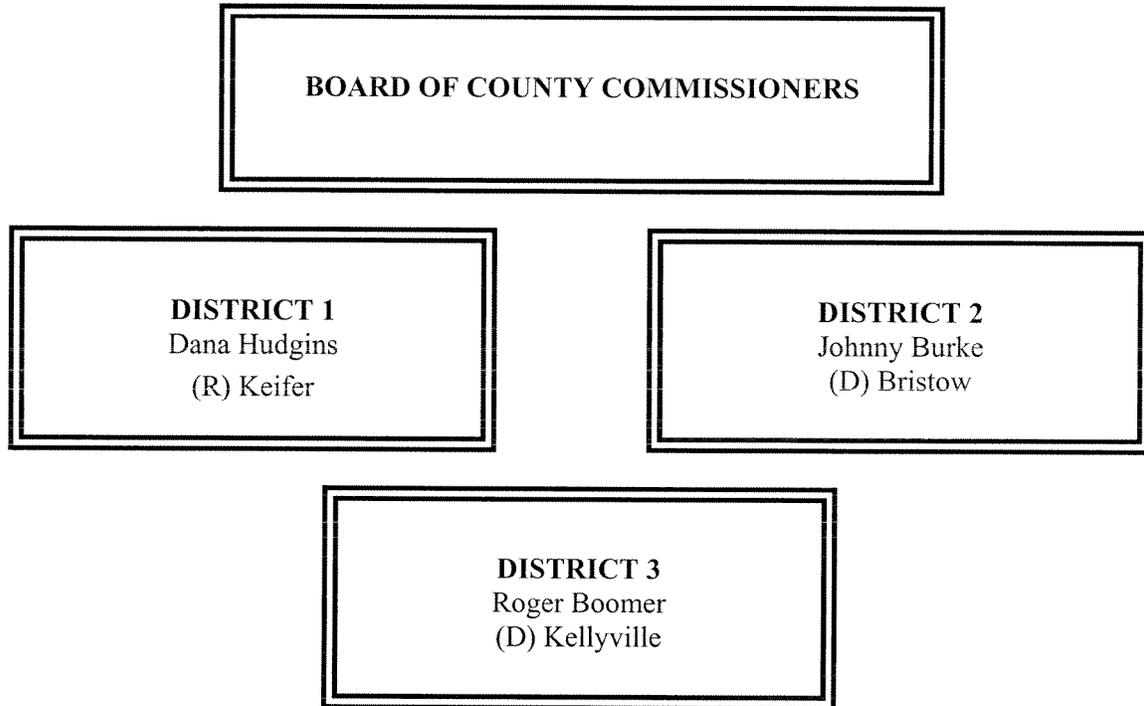
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**CREEK COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**



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.

**CREEK COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

COUNTY SHERIFF
Steve Toliver
(R) Sapulpa

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
Kathy Anglin
(D) Sapulpa

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.

**CREEK COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

COURT CLERK
Pat Creason
(D) Sapulpa

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
Max Cook
(D) Kellyville

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.

**CREEK COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

ELECTION BOARD SECRETARY

Joy Naifeh
(D) Sapulpa

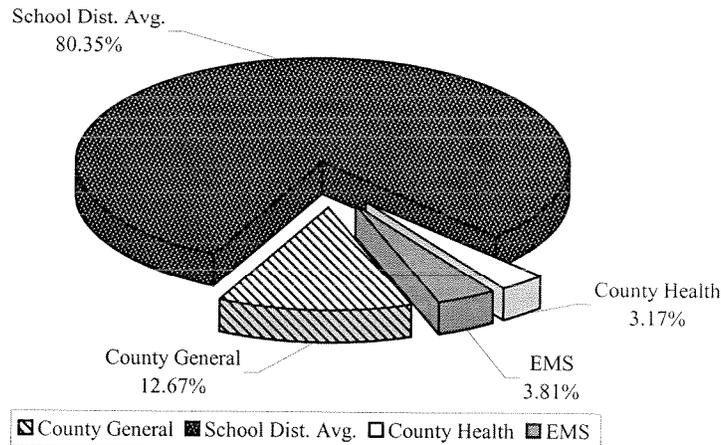
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**CREEK COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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	
Co. General	10.26
County Health	2.57
EMS	3.08
Other	
Kiefer	4.42
Sapulpa	10.19

		School District Millages						
		Gen.	Bldg.	Skg.	Career Tech	Common	Total	
Milfay	D1	35.49	5.04		3.00	4.10	47.63	
Bristow	I2	36.00	5.14	27.27	3.00	4.10	75.51	
Mannford	I3	36.02	5.15	19.46	3.00	4.10	67.73	
Pawnee	D3	35.00	5.00	19.46	3.00	4.10	66.56	
Mounds	I5	36.26	5.18	26.46	3.00	4.10	75.00	
Okmulgee	5	35.00	5.00	26.46	3.00	4.10	73.56	
Lone Star	D8	36.40	5.20	10.08	3.00	4.10	58.78	
Gypsy	D12	36.24	5.18	5.17	3.00	4.10	53.69	
Olive	I17	36.38	5.20	14.55	3.00	4.10	63.23	
Kiefer	I18	35.83	5.12	21.08	3.00	4.10	69.13	
Oilton	I20	35.96	5.14	14.76	3.00	4.10	62.96	
Payne	20	35.00	5.00	14.76	3.00	4.10	61.86	
Depew	I21	35.57	5.08	7.42	3.00	4.10	55.17	
Kellyville	I31	36.15	5.16	21.66	3.00	4.10	70.07	
Sapulpa	I33	35.78	5.11	21.72	3.00	4.10	69.71	
Pretty Water	D34	36.79	5.26	6.82	3.00	4.10	55.97	
Allen Bowden	D35	36.11	5.16	12.80	3.00	4.10	61.17	
Drumright	I39	35.66	5.09	21.52	3.00	4.10	69.37	
Payne	39	35.00	5.00	21.52	3.00	4.10	68.62	
Tulsa	J11	35.04	5.01	24.59	5.10	4.10	73.84	
Pawnee	JD2	36.44	5.21		3.00	4.10	48.75	
Tulsa	J15	36.79	5.26	31.80	5.10	4.10	83.05	
Pawnee	J16	36.14	5.16	31.59	3.00	4.10	79.99	
Okfuskee	J114	35.50	5.07	5.88	5.06	4.10	55.61	
Tulsa	JD15	35.98	5.14	8.85	5.10	4.10	59.17	

See independent auditor's report.

**CREEK COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

Total net assessed value as of January 1, 2003		<u>\$ 282,342,428</u>
Debt limit - 5% of total assessed value		14,117,121
Total bonds outstanding	-	
Total judgments outstanding	60,000	
Less cash in sinking fund	<u>4,236</u>	<u>55,764</u>
Legal debt margin		<u>\$ 14,061,357</u>

See independent auditor's report.

**CREEK COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

	2004
Estimated population	67,367
Net assessed value as of January 1, 2003	\$ 282,342,428
Gross bonded debt	-
Less available sinking fund cash balance	4,236
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**CREEK COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2003	\$53,875,820	\$52,403,265	\$192,034,246	\$15,970,903	\$282,342,428	\$2,352,853,567

See independent auditor's report.

FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
CREEK COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Creek County, Oklahoma, as of and for the year ended June 30, 2004, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Creek County's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Creek County as of June 30, 2004, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Creek County, for the year ended June 30, 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2006, on our consideration of Creek County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Jeff A. McMahen". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

January 23, 2006

Basic Financial Statement

**CREEK COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Combining Information:	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2004
General Fund	\$ 985,759	\$ 4,059,637	\$ 3,986,117	\$ 1,059,279
Highway Cash	477,129	4,527,133	3,859,963	1,144,299
Highway Sales Tax	668,002	1,362,574	1,029,110	1,001,466
County Health	841,590	741,943	781,838	801,695
Community Development	73,614	128,314	71,790	130,138
Resale Property	340,801	290,740	444,120	187,421
Treasurer's Mort Cert Fee	4,523	23,340	23,911	3,952
County Clerk Lien Fee	31,205	18,750	25,605	24,350
County Clerk Preservation	36,652	103,805	80,932	59,525
Sheriff Service Fee	194,115	366,411	339,337	221,189
Sheriff Board of Prisoners	65,105	103,976	33,842	135,239
Sheriff Training	248		192	56
Free Fair	72,705	23,750	34,005	62,450
Assessor's Revolving	39,425	13,733	38,512	14,646
Assessor's Visual Inspection	132,545		13,956	118,589
Sinking Fund	2,368	51,091	49,223	4,236
Courthouse Remodel	12,510	29,827	21,613	20,724
Election Board	530			530
Use Tax	152,159	158,159		310,318
County Jail Maintenance	564,988	1,382,472	1,098,253	849,207
County Jail Sales Tax	570,416	1,362,982	858,549	1,074,849
Combined Total--All County Funds	<u>\$ 5,266,389</u>	<u>\$ 14,748,637</u>	<u>\$ 12,790,868</u>	<u>\$ 7,224,158</u>

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

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Creek County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds 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 County 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.

Following are descriptions of the funds included as supplementary information within the financial statement:

General Fund – revenues are from ad valorem taxes, 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.

Highway Sales Tax – revenues are from a county sales tax and disbursements are for the retirement of bonds issued to construct county roads and bridges.

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.

Community Development – revenues are from a federal grant for the construction of safe rooms and community development.

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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.

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

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

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

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 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.

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

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

Assessor's Revolving – revenues are from any and all fees collected by the County Assessor. Disbursements are to maintain electronic databases and geographic information systems in the Assessor's office.

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.

Sinking Fund – revenues are from ad valorem taxes and interest earnings. Disbursements are for the payment of principal and interest on judgments against the County.

Courthouse Remodel – revenues are from the state court system. Disbursements are for the remodeling of the County courthouse.

Election Board – warrants cancelled by statute pending transfer to election board fund.

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

County Jail Maintenance – revenues are from a county sales tax. Disbursements are for the maintenance of the County jail.

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

County Jail Sales Tax – revenues are from a county sales tax. Disbursements are for the construction of a new County jail.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement, those funds play no part in the County's operations.

C. Basis of Accounting

The basic financial statement is 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. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. 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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly.

Sick leave benefits are accrued at the rate of 10 hours per month and employees may accumulate up to 30 days. Sick leave is not paid upon termination.

2. 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."

**CREEK COUNTY, OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

The assessed property value as of January 1, 2003, was approximately \$282,342,428.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.26 mills for general fund operations, 2.57 mills for county health department, and 3.08 mills for emergency medical service. In addition, the County 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, 2004, were approximately 95.6 percent of the tax levy.

3. 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. Risk Management

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

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County carries commercial insurance.	None
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<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.	None
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance.	None

Commercial Insurance - The County obtains commercial insurance coverage to pay general liability, physical plant, legitimate worker's compensation claims, and employees' insurance. 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.

5. Long-term Obligations

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 pieces of machinery subsequently acquired.

Judgments

The County has judgments which are being retired by a tax levy. The County is obligated to pay these judgments over a three-year period.

<u>Case Number</u>	<u>Original Judgment</u>
CT-97-665	\$ 81,000
B-CT-2000-113	59,655
CJ-2004-0034	<u>60,000</u>
Total	<u>\$ 200,655</u>

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

During the year ended June 30, 2004, the County paid \$46,886 principal and \$2,337 interest on these judgments. Judgments were paid in full on case CT-97-665 and case B-CT-2000-113. Future principal and interest payments that will become due on case CT-2004-0034 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 20,000	\$ 3,743	\$ 23,743
2006	20,000	2,495	22,495
2007	<u>20,000</u>	<u>1,248</u>	<u>21,248</u>
Total	<u>\$ 60,000</u>	<u>\$ 7,486</u>	<u>\$ 67,486</u>

6. 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.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2004, 2003, and 2002 were \$458,366, \$451,970, and \$372,093, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

8. Contingent Liabilities

The County 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 County.

9. Sales Tax

In a special election held on November 13, 2001, the citizens of Creek County approved a one percent (1%) sales tax. Sales tax collections began January 1, 2003. Sales tax revenue is used as follows:

- (A) One-third (1/3) is transferred to the County Jail Sales Tax revolving fund to be used to pay debt service on bonds or notes issued by the Creek County Public Facilities Authority. The proceeds of which are to be used to acquire, construct and equip the County jail facility. This one-third (1/3) is to be terminated at the earliest possible date, at the retirement of bonds or notes, and not to exceed fifteen (15) years.
- (B) One-third (1/3) is used to pay operational and maintenance expenses on the County jail facility. This one-third (1/3) is to continue on a permanent or unlimited basis.
- (C) One-third (1/3) is used to pay debt service on bonds or notes issued by the Creek County Public Facilities Authority. The proceeds of which are to be used to construct county roads and bridges. This one-third (1/3) is to be terminated at the earliest possible date, at the retirement of bonds or notes, and not to exceed five (5) years.

OTHER SUPPLEMENTARY INFORMATION

CREEK COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 985,759	\$ 985,759	\$ 985,759	\$ -
Less: Prior Year Encumbrances	(115,553)	(115,553)	(95,399)	20,154
Beginning Cash Balances, Budgetary Basis	<u>870,206</u>	<u>870,206</u>	<u>890,360</u>	<u>20,154</u>
Receipts:				
Ad Valorem Taxes	2,633,485	2,633,485	2,909,292	275,807
Charges for Services	316,880	316,880	419,946	103,066
Intergovernmental Revenues	269,739	340,698	549,617	208,919
Miscellaneous Revenues	40,000	40,000	180,782	140,782
Total Receipts, Budgetary Basis	<u>3,260,104</u>	<u>3,331,063</u>	<u>4,059,637</u>	<u>728,574</u>
Expenditures:				
District Attorney	25,000	27,850	15,763	12,087
Total District Attorney	<u>25,000</u>	<u>27,850</u>	<u>15,763</u>	<u>12,087</u>
County Sheriff	899,937	899,937	891,392	8,545
Capital Outlay	60,000	60,000	58,576	1,424
Total County Sheriff	<u>959,937</u>	<u>959,937</u>	<u>949,968</u>	<u>9,969</u>
County Treasurer	158,937	155,767	155,658	109
Capital Outlay		3,170	3,170	
Total County Treasurer	<u>158,937</u>	<u>158,937</u>	<u>158,828</u>	<u>109</u>
County Commissioners	68,648	85,906	84,176	1,730
Capital Outlay	5,000	5,000	4,167	833
Total County Commissioners	<u>73,648</u>	<u>90,906</u>	<u>88,343</u>	<u>2,563</u>
OSU Extension	80,014	65,389	64,449	940
Capital Outlay	1	14,626	14,624	2
Total OSU Extension	<u>80,015</u>	<u>80,015</u>	<u>79,073</u>	<u>942</u>
County Clerk	227,528	228,899	228,898	1
Total County Clerk	<u>227,528</u>	<u>228,899</u>	<u>228,898</u>	<u>1</u>
Court Clerk	308,437	322,542	321,780	762
Total Court Clerk	<u>308,437</u>	<u>322,542</u>	<u>321,780</u>	<u>762</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

CREEK COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	183,668	190,686	190,679	7
Total County Assessor	183,668	190,686	190,679	7
Revaluation of Real Property	378,100	416,082	415,781	301
Total Revaluation of Real Property	378,100	416,082	415,781	301
Juvenile	15,500	15,500	13,258	2,242
Total Juvenile	15,500	15,500	13,258	2,242
County Purchasing Agent	38,062	38,112	38,111	1
Total County Purchasing Agent	38,062	38,112	38,111	1
General Government	1,058,818	1,050,912	1,025,282	25,630
Capital Outlay	100,000	68,200	33,331	34,869
Total General Government	1,158,818	1,119,112	1,058,613	60,499
Excise-Equalization Board	4,800	4,800	3,688	1,112
Total Excise-Equalization Board	4,800	4,800	3,688	1,112
County Election Board	119,319	120,117	119,657	460
Capital Outlay		988	988	
Total County Election Board	119,319	121,105	120,645	460
Charity	5,600	5,600	3,362	2,238
Total Charity	5,600	5,600	3,362	2,238
Metro Planning	73,800	73,800	70,097	3,703
Total Metro Planning	73,800	73,800	70,097	3,703
Civil Defense	68,000	81,160	80,799	361
Total Civil Defense	68,000	81,160	80,799	361
County Audit Budget Account	45,011	61,054	56,170	4,884
Total County Audit Budget Account	45,011	61,054	56,170	4,884
Free Fair Budget	78,630	78,630	78,277	353
Capital Outlay	2,000	2,000	1,997	3
Total Free Fair Budget	80,630	80,630	80,274	356

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

CREEK COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Building Maintenance Account	125,500	124,542	92,902	31,640
Total Building Maintenance Account	<u>125,500</u>	<u>124,542</u>	<u>92,902</u>	<u>31,640</u>
Provision for Interest on Warrants			3,854	(3,854)
Total Expenditures, Budgetary Basis	<u>4,130,310</u>	<u>4,201,269</u>	<u>4,070,886</u>	<u>130,383</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	879,111	<u>\$ 879,111</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			180,168	
Ending Cash Balance			<u>\$ 1,059,279</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

CREEK COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 841,590	\$ 841,590	\$ 841,590	\$ -
Less: Prior Year Encumbrances	(74,911)	(74,911)	(66,454)	8,457
Beginning Cash Balances, Budgetary Basis	<u>766,679</u>	<u>766,679</u>	<u>775,136</u>	<u>8,457</u>
Receipts:				
Ad Valorem Taxes	659,654	659,654	720,306	60,652
Charges for Services			15,047	15,047
Miscellaneous Revenues			5,535	5,535
Intergovernmental Revenues		14,837	1,055	(13,782)
Total Receipts, Budgetary Basis	<u>659,654</u>	<u>674,491</u>	<u>741,943</u>	<u>67,452</u>
Expenditures:				
Health and Welfare	918,468	920,663	732,475	188,188
Capital Outlay	507,865	520,507	4,311	516,196
Total Expenditures, Budgetary Basis	<u>1,426,333</u>	<u>1,441,170</u>	<u>736,786</u>	<u>704,384</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	780,293	<u>\$ 780,293</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			<u>21,402</u>	
Ending Cash Balance			<u>\$ 801,695</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule. See independent auditor's report.

**CREEK COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Beginning Cash Balance	<u>\$ 2,368</u>
Receipts:	
Ad Valorem Tax	51,090
Miscellaneous	<u>1</u>
Total Receipts	<u>51,091</u>
Disbursements:	
County Judgments	46,886
Interest Paid	<u>2,337</u>
Total Disbursements	<u>49,223</u>
Ending Cash Balance	<u><u>\$ 4,236</u></u>

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**CREEK COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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 these funds. At the end of the year, unencumbered appropriations lapse.

2. Sinking Fund Schedule

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

INTERNAL CONTROL AND COMPLIANCE SECTION

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

TO THE OFFICERS OF
CREEK COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Creek County, Oklahoma, as of and for the year ended June 30, 2004, which comprises Creek County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 23, 2006. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. 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.

Internal Control Over Financial Reporting

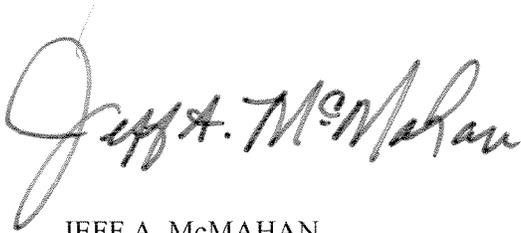
In planning and performing our audit, we considered Creek County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. 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 Creek County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings and responses as item 2003-1.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statement 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 2003-1 to be a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management of the County, and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

January 23, 2006

CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

Finding 2003-1 - 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.

Views of responsible officials and planned corrective actions: Management chose not to respond.