

COUNTY AUDIT

OKFUSKEE COUNTY

For the fiscal year ended June 30, 2009



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**OKFUSKEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Oklahoma State Auditor & Inspector

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October 27, 2011

TO THE CITIZENS OF
OKFUSKEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Okfuskee County, Oklahoma for the fiscal year ended June 30, 2009.

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.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal line extending from the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**OKFUSKEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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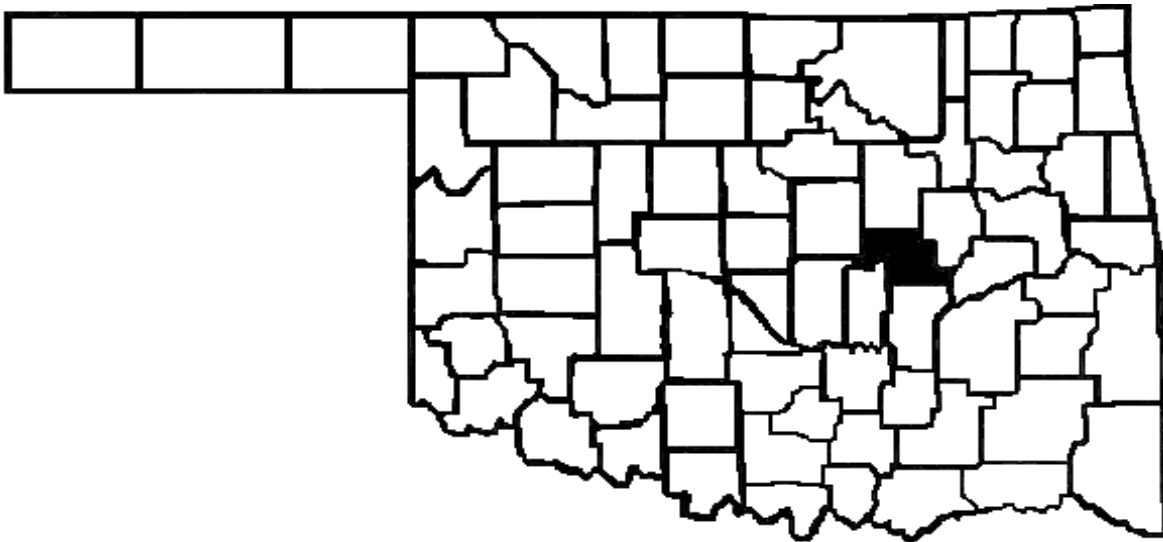
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**OKFUSKEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**REPORT TO THE CITIZENS
OF
OKFUSKEE COUNTY, OKLAHOMA**



Named for a Creek town in Cleburn County, Alabama, Okfuskee County was originally part of the Creek Nation, Indian Territory.

Much of its history is tied to that of the Creek Nation. For example, Thlopthlocco Town, established in the 1830s in this area in the Creek Nation, became the headquarters of Colonel D. H. Cooper's confederate forces in 1861, prior to battles with Opothleyahola and the "Loyal Creeks."

Okemah, the county seat, is named for the Creek Chief Okemah, meaning "Big Chief." Two of Okemah's most noted residents were Leon Chase Phillips, eleventh governor of Oklahoma, and legendary songwriter Woody Guthrie. Glen D. Johnson, a two-term Oklahoma Speaker of the House, is also from Okemah.

Boley, founded in 1904 on eighty acres of land belonging to a Creek freedman, is one of the few black towns remaining in the United States. Established to show the ability of the black community to govern itself, it thrived for many years until, in 1932, George Birdwell, "chief lieutenant" of Pretty Boy Floyd, not only robbed the Farmer's State Bank, but in the process shot and killed D.J. Turner, bank president and mayor of Boley. For more information, call the county clerk's office at (918) 623-1724.

County Seat – Okemah

Area – 628.91 Square Miles

County Population – 11,248
(2007 est.)

Farms – 950

Land in Farms – 298,814 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor's report.

**OKFUSKEE COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COUNTY ASSESSOR

Brenda Swinford

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

Dianne Flanders

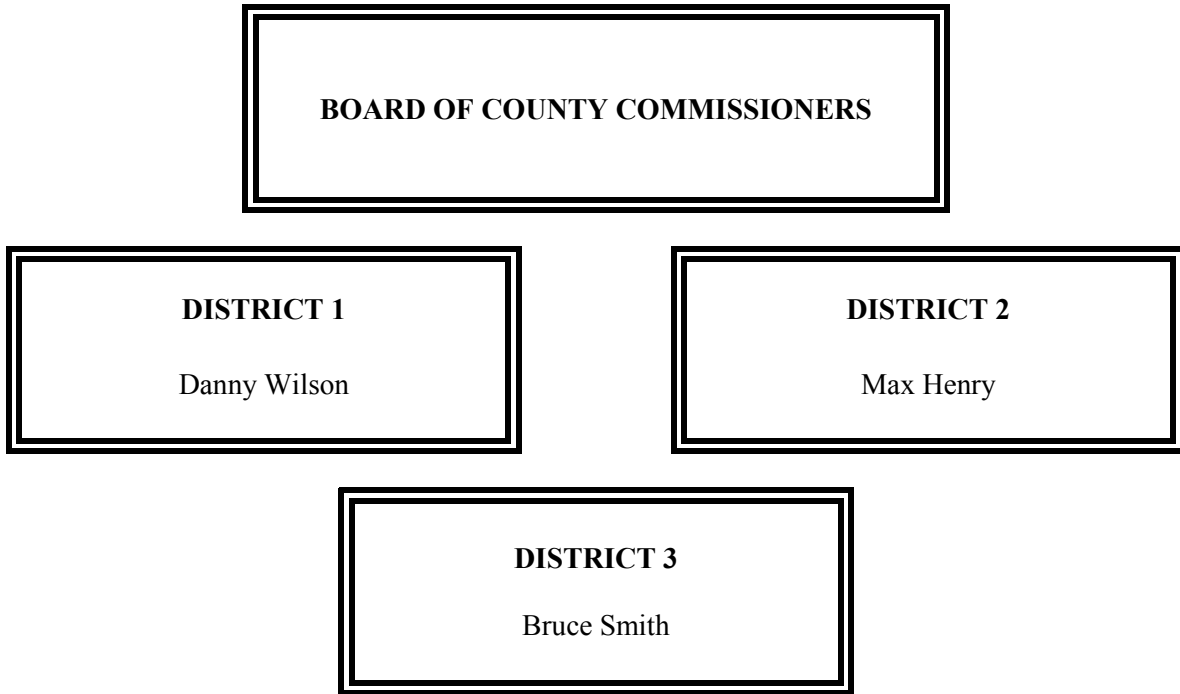
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**OKFUSKEE COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



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.

**OKFUSKEE COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COUNTY SHERIFF

Jack Choate

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

J. Renee Alcorn

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.

See independent auditor's report.

**OKFUSKEE COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

COURT CLERK

Kay Adams

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.

DISTRICT ATTORNEY

Max Cook

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.

**OKFUSKEE COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

ELECTION BOARD SECRETARY

Lori Thomas

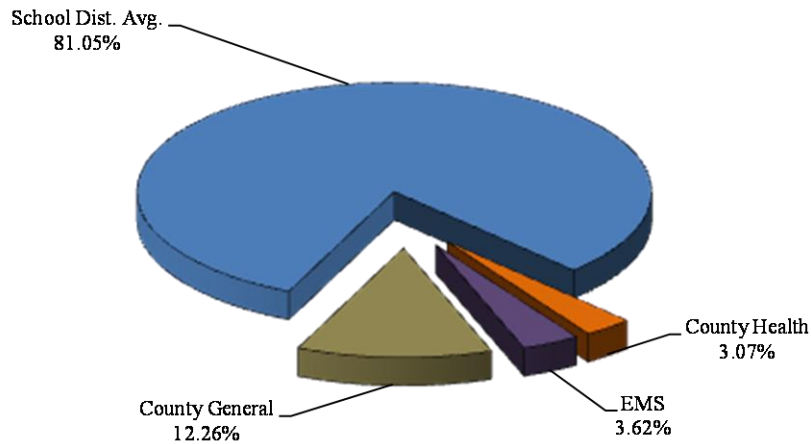
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**OKFUSKEE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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	Career Tech Building	Common	Total
County General	10.55								
County Health	2.64	Mason	39.01	5.57	8.07	5.28		4.22	62.15
EMS	3.11	Boley	36.26	5.18	20.58	10.55	5.28	4.22	82.07
		Paden	37.27	5.32		10.55	5.28	4.22	62.64
		Okemah	36.80	5.26	22.42	5.28		4.22	73.98
		Bearden	37.74	5.39	15.00	5.28		4.22	67.63
		Weleetka	36.13	5.16		5.28		4.22	50.79
		Graham	37.75	5.39	16.48	5.28		4.22	69.12
		Hughes	39.35	5.62	27.04	5.28		4.22	81.51
		Seminole	36.68	5.24	15.69	10.55	5.28	4.22	77.66

See independent auditor's report.

**OKFUSKEE COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Total net assessed value as of January 1, 2008		<u>\$ 49,880,723</u>
Debt limit - 5% of total assessed value		2,494,036
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u> </u>
Legal debt margin		<u>\$ 2,494,036</u>

See independent auditor's report.

**OKFUSKEE COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

	2009
Estimated population	11,248
Net assessed value as of January 1, 2008	\$ 49,880,723
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	\$ -

See independent auditor's report.

**OKFUSKEE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2008	\$ 15,133,516	\$ 13,067,416	\$ 24,360,675	\$ 2,680,884	\$ 49,880,723	\$ 416,225,916

See independent auditor's report.

FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report

TO THE OFFICERS OF
OKFUSKEE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Okfuskee County, Oklahoma, as of and for the year ended June 30, 2009, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Okfuskee 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.

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 Okfuskee County as of June 30, 2009, 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 Okfuskee County, for the year ended June 30, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2011, on our consideration of Okfuskee 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

October 18, 2011

Basic Financial Statement

OKFUSKEE COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Beginning Cash Balances July 1, 2008	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2009
Combining Information:				
County General Fund	\$ 1,883,636	\$ 1,901,929	\$ 2,348,613	\$ 1,436,952
County Highway	1,093,499	3,374,978	2,912,577	1,555,900
County Health Department	90,577	138,314	106,208	122,683
Resale Property	141,438	34,929	21,602	154,765
County Clerk Lien Fee	66,633	21,637	2,958	85,312
County Clerk Records Preservation Fee	113,385	27,605	20,313	120,677
Sheriff Service Fee	100,877	99,093	109,348	90,622
Sheriff Revolving	47,876	17,322	11,150	54,048
Assessor Revolving	10,650	3,864	1,925	12,589
Mortgage Certification Fee	14,561	2,190	574	16,177
BIA	35,412	461		35,873
JAIB Grant	5,769	75		5,844
Insurance Damage	554,649	279,425	825,574	8,500
Use Tax	46,872	33,507	14,938	65,441
Court Clerk Revolving	15,916	27,592	29,266	14,242
CDBG		5,000	5,000	
Emergency Management	7,860	29,290	12,927	24,223
Combined Total--All County Funds	\$ 4,229,610	\$ 5,997,211	\$ 6,422,973	\$ 3,803,848

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

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 Okfuskee County, Oklahoma. The financial statement referred to includes only the primary government of Okfuskee County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. 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:

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

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

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

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

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

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

County Clerk Records Preservation Fee - accounts for fees collected for instruments filed in the County Clerk's office as restricted by statute for preservation of records.

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

Sheriff Revolving – revenues are from various fees collected by the Sheriff. Disbursements are for any legal expense of the Sheriff's office.

Assessor Revolving – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-evaluation of all county property for ad valorem purposes.

Mortgage Certification Fee – accounts for collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statutes.

BIA – revenues are from a Bureau of Indian Affairs grant. Disbursements are for county road improvement projects.

JAIB Grant – revenues are from a Juvenile Accountability and Incentive Block Grant.

Insurance Damage – revenues are from the County's insurance coverage. Disbursements are for the repairs of damaged properties.

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.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant. Money is disbursed for the purpose of fees for various entities, salaries and operation of the Court Clerk's office.

CDBG – accounts for grant monies received and disbursed as restricted by the grant agreement for a Community Development Block Grant.

Emergency Management – accounts for monies received and disbursed for the Emergency Management Department.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including cities and towns, emergency medical districts, and school districts. 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. Any trust or agency funds maintained by the County are not included in this presentation.

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, a general fund and a 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 for the respective fund by 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).

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

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

- 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.

All investments, as classified by state statute, in General Fund Investment Fund are nonnegotiable Certificates of Deposit. Nonnegotiable Certificates of Deposit are not subject to interest rate risk or credit risk.

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. Vacation leave is paid upon termination.

Sick leave benefits are accrued at the rate of 6.66 hours per month and employees may accumulate up to 130 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."

The assessed property value as of January 1, 2008, was approximately \$49,880,723.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.55 mills for general fund operations, 2.64 mills for county health department, and 3.11 mills for emergency medical service. In addition, the County collects the ad valorem taxes assessed by school districts and remits the ad valorem taxes collected to the appropriate taxing units.

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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.

Current year tax collections for the year ended June 30, 2009, were approximately 93.15 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

ACCO-SIG – The County is exposed to the various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group (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.

CompSource Oklahoma – The workers' compensation program is fully insured through a third party (CompSource Oklahoma). The program pays all legitimate workers' compensation claims. Under the program, the County has no deductible and no liability for deficits. 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, but have a one-time fee of 3% on all pieces of machinery acquired.

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 9.5% and 14.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 14.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2009, 2008, and 2007, were \$190,060, \$157,514, and \$148,483, 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.

8. Contingent Liabilities

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

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**OKFUSKEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

9. Sales Tax

The voters of Okfuskee County approved a one and one-quarter percent sales tax effective March 1, 1993. The tax is permanent and is designated for the following purposes:

General Government	59.0%
Courthouse Repair and Maintenance	6.0%
OSU Extension	12.5%
Free Fair	4.5%
Rural Fire Districts	3.0%
Senior Citizen Centers	3.0%
Highway T-4 Special Projects	12.0%

OTHER SUPPLEMENTARY INFORMATION

OKFUSKEE 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, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,883,636	\$ 1,883,636	\$ 1,883,636	\$ -
Less: Prior Year Outstanding Warrants	(36,951)	(36,951)	(36,951)	-
Less: Prior Year Encumbrances	(52,837)	(52,837)	(52,837)	-
Beginning Cash Balances, Budgetary Basis	<u>1,793,848</u>	<u>1,793,848</u>	<u>1,793,848</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	453,056	453,056	491,813	38,757
Charges for Services	116,430	116,430	85,760	(30,670)
Intergovernmental Revenues	771,783	771,783	1,257,933	486,150
Miscellaneous Revenues	103,216	104,661	66,423	(38,238)
Total Receipts, Budgetary Basis	<u>1,444,485</u>	<u>1,445,930</u>	<u>1,901,929</u>	<u>455,999</u>
Expenditures:				
County Sheriff	450,000	450,164	449,500	664
Total County Sheriff	<u>450,000</u>	<u>450,164</u>	<u>449,500</u>	<u>664</u>
County Treasurer	94,468	94,468	91,335	3,133
Total County Treasurer	<u>94,468</u>	<u>94,468</u>	<u>91,335</u>	<u>3,133</u>
County Commissioners	59,539	23,292	19,775	3,517
Total OSU Extension	<u>59,539</u>	<u>23,292</u>	<u>19,775</u>	<u>3,517</u>
County Clerk	63,567	63,567	59,566	4,001
Total County Clerk	<u>63,567</u>	<u>63,567</u>	<u>59,566</u>	<u>4,001</u>
Court Clerk	61,876	62,476	62,376	100
Total Court Clerk	<u>61,876</u>	<u>62,476</u>	<u>62,376</u>	<u>100</u>
County Assessor	64,576	64,576	63,852	724
Total County Assessor	<u>64,576</u>	<u>64,576</u>	<u>63,852</u>	<u>724</u>
Revaluation of Real Property	97,300	97,300	75,169	22,131
Total Revaluation of Real Property	<u>97,300</u>	<u>97,300</u>	<u>75,169</u>	<u>22,131</u>
Juvenile Shelter Bureau	8,000	-	-	-
Total Juvenile Shelter Bureau	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</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.

OKFUSKEE 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, 2009

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	-	43,483	16,748	26,735
Total General Government	-	43,483	16,748	26,735
Excise-Equalization Board	3,500	3,500	2,829	671
Total Excise-Equalization Board	3,500	3,500	2,829	671
County Election Board	56,021	57,466	49,766	7,700
Total County Election Board	56,021	57,466	49,766	7,700
County Purchasing Agent	3,500	3,500	3,482	18
Total County Purchasing Agent	3,500	3,500	3,482	18
Charity	1,500	-	-	-
Total Charity	1,500	-	-	-
Welfare Agencies	-	1,500	243	1,257
Total Welfare Agencies	-	1,500	243	1,257
Civil Defense	31,000	31,000	15,817	15,183
Total Civil Defense	31,000	31,000	15,817	15,183
General Sales	2,238,762	2,238,762	1,442,406	796,356
Total General Sales	2,238,762	2,238,762	1,442,406	796,356
County Audit Budget	4,724	4,724	-	4,724
Total County Audit Budget	4,724	4,724	-	4,724
Total Expenditures, Budgetary Basis	3,238,333	3,239,778	2,352,864	886,914
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,342,913	\$ 1,342,913
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			33,723	
Add: Current Year Outstanding Warrants			60,276	
Add: Cancelled Warrants			40	
Ending Cash Balance			<u>\$ 1,436,952</u>	

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

OKFUSKEE 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, 2009

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 90,577	\$ 90,577	\$ 90,577	\$ -
Less: Prior Year Encumbrances	(13,470)	(13,470)	(13,470)	-
Beginning Cash Balances, Budgetary Basis	<u>77,107</u>	<u>77,107</u>	<u>77,107</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	113,372	113,372	123,070	9,698
Charges for Services	-	-	13,471	13,471
Intergovernmental	-	-	5	5
Miscellaneous Revenues	-	13,472	1,768	(11,704)
Total Receipts, Budgetary Basis	<u>113,372</u>	<u>126,844</u>	<u>138,314</u>	<u>11,470</u>
Expenditures:				
Health and Welfare	190,479	203,951	98,714	105,237
Total Expenditures, Budgetary Basis	<u>190,479</u>	<u>203,951</u>	<u>98,714</u>	<u>105,237</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	116,707	<u>\$ 116,707</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			<u>5,976</u>	
Ending Cash Balance			<u>\$ 122,683</u>	

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

**OKFUSKEE COUNTY, OKLAHOMA
NOTE TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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.

See independent auditor's report.

**OKFUSKEE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Oklahoma Department of Commerce:			
Community Development Block Grant/Technical Assistance Program	14.227	N/A	\$ 5,000
Total U.S. Department of Housing and Urban Development			<u>5,000</u>
<u>U.S DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Oklahoma Emergency Management:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	1,054,459
Emergency Management Performance Grants	97.042	N/A	16,500
Total U.S. Department of Homeland Security			<u>1,070,959</u>
Total Expenditures of Federal Awards			<u>\$ 1,075,959</u>

The accompanying notes are an integral part of this schedule.
See independent auditor's report.

**OKFUSKEE COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Okfuskee County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405-521.3495 • Fax: 405-521.3426

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
OKFUSKEE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Okfuskee County, Oklahoma, as of and for the year ended June 30, 2009, which comprises Okfuskee County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 18, 2011. 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. 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 Okfuskee County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Okfuskee County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting. 2009-1, 2009-2, 2009-4, and 2009-5.

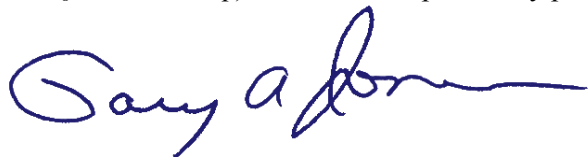
A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2009-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okfuskee 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*.

Okfuskee County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Okfuskee County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

October 18, 2011



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

TO THE OFFICERS OF
OKFUSKEE COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Okfuskee County, Oklahoma, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. Okfuskee County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Okfuskee County's management. Our responsibility is to express an opinion on Okfuskee County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Okfuskee County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Okfuskee County's compliance with those requirements.

In our opinion, Okfuskee County, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

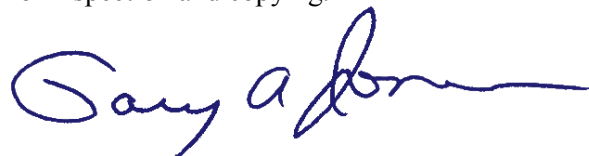
Management of Okfuskee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Okfuskee County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Okfuskee County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

October 18, 2011

**OKFUSKEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses?..... Yes

Noncompliance material to financial statements noted?..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?..... No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?.....	No

**OKFUSKEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SECTION 2—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 2009 -1 – Financial Statement and Disclosures

Criteria: The County’s management is responsible for establishing internal control procedures to prepare and/or review the financial statements and accompanying notes to the financial statements in accordance with applicable accounting principles. Statement on Auditing Standards (SAS) No. 115 indicates that the County must have adequate knowledge and expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards indicate that the external financial statement auditor cannot perform any part of management’s control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to properly review the financial statement and ensure all required disclosures are presented with the financial statement.

Effect: This condition could result in unrecorded transactions or undetected errors.

Recommendation: OSAI recommends the County implement a review process for the financial statements and accompanying notes. The County may consider one or more of the following to ensure proper internal controls:

- Having at least one staff member trained in financial statement preparation and having sufficient skills necessary to prepare a complete set of year-end financial statements.
- Having someone independent of preparing the financial statement, review for accuracy and completeness.

Views of responsible officials and planned corrective actions: The BOCC will find someone independent of preparing the financial statement to review the financial statement for accuracy and completeness.

Finding 2009-2—Investments (Segregation of Duties) (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing of cash and checks should be separated.

Condition: The County Treasurer performs all functions concerning the County’s investments. The Treasurer has the responsibility to record, authorize and execute all transactions concerning the County investments.

**OKFUSKEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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

Views of responsible officials and planned corrective actions: The Treasurer is taking steps to improve the way investments are handled.

Finding 2009-3—Investments (Repeat Finding)

Criteria: Title 62 O.S. § 348.3 states in part:

...written policy, ordinance or resolution shall include provision for utilization of a system of competitive bidding in the investment of municipal funds...

Condition: During our interview with the County Treasurer, we noted that existing investments were not competitively bid during the renewal process. We noted that in the County Commissioners Resolution to Invest County Funds they did not include provisions requiring the County Treasurer to acquire competitive bidding on County investments.

Effect: The County may not be receiving the maximum amount of interest from their investments.

Recommendation: OSAI recommends that the County Commissioners include a provision for the utilization of a system of competitive bidding for the County investments in the County Treasurer's Resolution to Invest County funds.

Views of responsible officials and planned corrective actions: The BOCC will include a provision for the utilization of a system of competitive bidding for the County investments in the County Treasurer's Resolution to invest County Funds.

Finding 2009-4—Revenues (Segregation of Duties)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing of cash and checks should be separated.

Condition: The County Treasurer performs all functions concerning the County's revenues. The Treasurer has the responsibility to record, authorize and execute all transactions concerning the County revenues.

**OKFUSKEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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

Views of responsible officials and planned corrective actions: The Treasurer is taking steps to improve this.

Finding 2009-5—County Clerk – Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding)

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Condition: The County Clerk does not reconcile the appropriation ledger to the County Treasurer's general ledger for General Fund and Highway Cash Fund on a monthly basis.

Effect: The account balances could reflect erroneous balances.

Recommendation: OSAI recommends the County Clerk's appropriation ledger account balances be reconciled to the County Treasurer's general ledger account balances each month to help prevent and/or detect errors in a timely manner.

Views of responsible officials and planned corrective actions: The Treasurer and County Clerk will reconcile all accounts.

SECTION 3—Findings related to the Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.

No matters were reported



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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