

COUNTY AUDIT

# ROGER MILLS 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

**ROGER MILLS 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

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

September 20, 2011

TO THE CITIZENS OF  
ROGER MILLS COUNTY, OKLAHOMA

Transmitted herewith is the audit of Roger Mills 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.

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 blue ink that reads "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

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

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

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**REPORT TO THE CITIZENS  
OF  
ROGER MILLS COUNTY, OKLAHOMA**

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Roger Mills County was opened to settlement in the land run into the Cheyenne and Arapaho reservations on April 19, 1892. In November 1892, an election changed the name to honor Roger Q. Mills of Texas, a former U.S. Senator. West of Cheyenne is the marker commemorating the Battle of the Washita where General George Armstrong Custer raided a Cheyenne Indian village on November 27, 1868.

County Seat – Cheyenne

Area – 1,146.46 Square Miles

County Population – 3,308  
(2007 est.)

Farms - 693

Land in Farms - 719,356 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor's report.

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

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**COUNTY ASSESSOR**  
Teresa Morris

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**  
Jimmy Beavin

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.

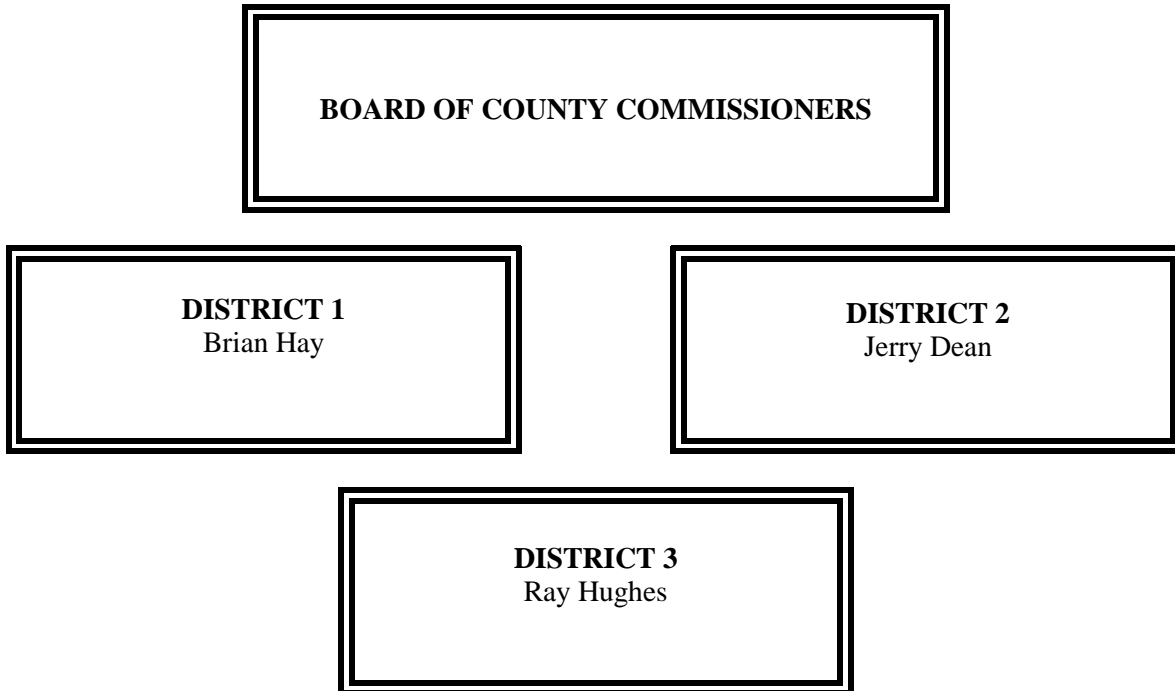
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

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

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

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

See independent auditor's report.



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

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**COUNTY SHERIFF**  
Joe Hay

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**  
Bab Coker

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.

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

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**COURT CLERK**  
Jan Bailey

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**  
Dennis Smith

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.

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

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**ELECTION BOARD SECRETARY**  
Jana Maddux

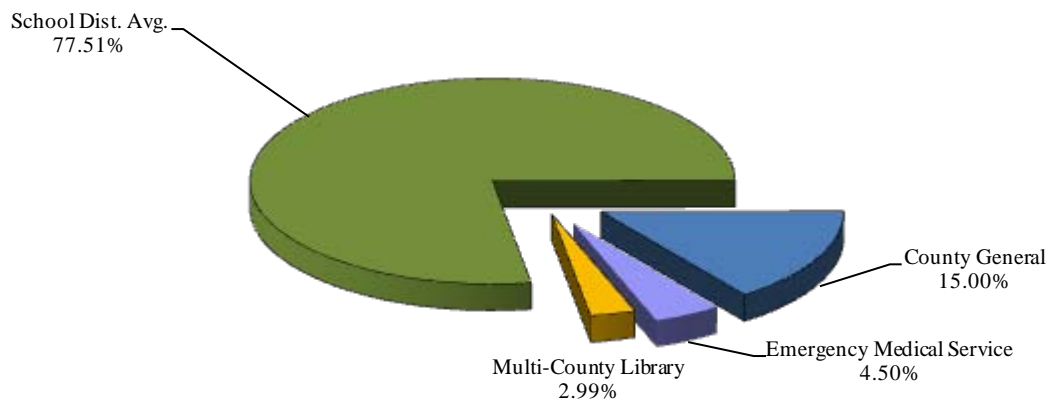
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**ROGER MILLS 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 Cntr.	Common	Total
County General	10.57								
Multi-County Library	2.11	Cheyenne	I-7	36.94	5.28			4.23	46.45
Roger Mills County EMS	3.17	Reydon	I-6	37.09	5.30			4.23	46.62
		Leedey	I-3	37.49	5.36			4.23	47.08
		Sweetwater	I-15	37.73	5.39		12.53	4.23	59.88
		Hammon	I-66	36.74	5.25		12.53	4.23	58.75
		Sayre	JI-31	36.47	5.21	5.43	12.53	4.23	63.87
		Merritt	2V12	35.30	5.04		12.53	4.23	57.10
		Elk City	6V12	36.07	5.15		12.53	4.23	57.98

See independent auditor's report.

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

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Total net assessed value as of January 1, 2008		<u>\$ 82,378,358</u>
Debt limit - 5% of total assessed value		4,118,918
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 4,118,918</u>

See independent auditor's report.

**ROGER MILLS 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)**

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	2009
Estimated population	3,308
Net assessed value as of January 1, 2008	\$ 82,378,358
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.

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

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2008	\$47,173,775	\$18,145,186	\$18,045,095	\$985,698	\$82,378,358	\$658,638,296

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  
ROGER MILLS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Roger Mills 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 Roger Mills 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 Roger Mills 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 Roger Mills 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 August 17, 2011, on our consideration of Roger Mills 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", with a long horizontal flourish extending to the right.

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

August 17, 2011

## **Basic Financial Statement**

**ROGER MILLS 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	Transfer In	Transfer Out	Disbursements	Ending Cash Balances June 30, 2009
Combining Information:						
County General Fund	\$ 4,136,301	\$ 3,041,388	\$	\$	\$ 2,484,017	\$ 4,693,672
County Highway Cash	4,533,870	8,947,024			8,900,648	4,580,246
Resale Property	38,486	6,013			11,031	33,468
Treasurer Mortgage Tax Certification Fee	8,731	1,155			322	9,564
County Clerk Lien Fee	245,123	46,289			5,947	285,465
County Clerk Records Preservation Fee	178,226	34,980			12,488	200,718
Assessor Revolving	12,030	8,219			2,455	17,794
Assessor Visual Inspection	2,268	20				2,288
Sheriff Service Fee	146,491	28,096			10,380	164,207
Sheriff Prisoner Revolving	185,793	126,720			127,718	184,795
Sheriff Forfeiture	287					287
Sheriff County/City Reimbursement	47,553	121,195			116,669	52,079
Civil Defense Sales Tax	77,805	17,281			16,246	78,840
Economic Development Sales Tax	72,937	8,064			2,700	78,301
OSU Extension Sales Tax	103,782	34,562			48,533	89,811
Rural Fire Sales Tax	592,286	191,953	36,577		252,563	568,253
Senior Citizens Sales Tax	218,027	97,925			110,451	205,501
County Free Fair Sales Tax	91,319	43,778			45,202	89,895
Roger Mills County Hospital Sales Tax	146,890	1,382,472			1,448,312	81,050
Berlin Volunteer Fire Assistance	42,024			36,577	5,447	
Berlin Volunteer CENA	2,008	4,023			6,031	
Berlin Community REAP Grant		75,000			71,033	3,967
Courthouse Security	11,749	5,211				16,960
Sheriff Estray Cattle		4,915			700	4,215
Reward Fund		10				10
<b>Combined Total--All County Funds</b>	<b>\$ 10,893,986</b>	<b>\$ 14,226,293</b>	<b>\$ 36,577</b>	<b>\$ 36,577</b>	<b>\$ 13,678,893</b>	<b>\$ 11,441,386</b>

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

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

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**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 Roger Mills County, Oklahoma. The financial statement referred to includes only the primary government of Roger Mills 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 Cash - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

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

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

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

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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.

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

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

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

Sheriff Prisoner Revolving – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

Sheriff Forfeiture – accounts for money forfeited or money earned from the sale of items forfeited to the Sheriff in relation to drug busts.

Sheriff County/City Reimbursement – accounts for City of Cheyenne reimbursement to the County for prisoner care.

Civil Defense Sales Tax – accounts for the sales tax collected and disbursed on behalf of the account.

Economic Development Sales Tax – accounts for the sales tax collected and disbursed on behalf of the account.

OSU Extension Sales Tax - accounts for the sales tax collected and disbursed on behalf of the account.

Rural Fire Sales Tax – accounts for the sales tax collected and disbursed on behalf of the account.

Senior Citizens Sales Tax – accounts for the sales tax collected and disbursed on behalf of the account.

County Free Fair Sales Tax – accounts for the sales tax collected and disbursed on behalf of the account.

Roger Mills County Hospital Sales Tax – accounts for the sales tax collected and disbursed on behalf of the account.

Berlin Volunteer Fire Assistance – accounts for a percentage of sales tax collected by other rural fire departments and state grant monies received and disbursements are for the maintenance and operations of the volunteer fire department

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

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Berlin Volunteer CENA – accounts for grant money received as reimbursement for nutrition assistance in the community.

Berlin Community REAP Grant – accounts for grant monies received for the Senior Citizens Center in Berlin.

Courthouse Security – accounts for monies received through the court system to be disbursed for security improvements and operations for the Roger Mills County Courthouse.

Sheriff Estray Cattle – accounts for the proceeds from the sale of estray cattle and disbursements are for the expenses related to the care of cattle.

Reward Fund – accounts for a percentage of fines imposed for littering in accordance with Title 21 § 1753.3 and § 1761.1 of the Oklahoma Statutes. The money is used to pay rewards for the arrest and conviction or for evidence leading to the arrest and conviction of any person who violates the provisions of the aforementioned sections and to offset the cost of any special enforcement programs originated by any law enforcement agency responsible for the arrest or prosecution of any person who violates the provisions of Sections 1753.3 or 1761.1 of Title 21 of the Oklahoma Statutes.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, cities and towns, 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.

**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 by fund, office, or department and object. The County Board of Commissioners may

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

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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
- 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**

All full-time Roger Mills County employees shall be entitled to vacation leave that is accrued on a monthly basis. One to five years of service accrues 10 days of vacation leave. Six to ten years of service accrues 12 days of vacation leave. Eleven to 20 years of service accrues 15 days of



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

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vacation leave. Twenty one years of service and over accrues 20 days of vacation leave. The accumulation limit for vacation leave is 10 days.

Vacation must be earned before it is taken. No vacation will be longer than 10 consecutive working days without permission of the appropriate elected official. Vacation schedules are subject to elected official approval. Vacation leave must be taken in increments of full days. No vacation leave shall be accumulated beyond the accumulation limit. Vacation leave will be accrued on a monthly basis and prorated, as appropriated, for less than full-time service.

Upon separation (except for retirement), employees are not entitled to payment of accumulated vacation leave and such accumulated leave shall be forfeited.

All full-time Roger Mills County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours per month with an accumulation limit of 1,040 hours.

When terminating employment with the County, an employee may not collect pay for accrued sick leave.

**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 \$82,378,358.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.57 mills (the legal maximum) for general fund operations, 2.11 mills for multi-county library, and 3.17 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.

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.

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

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Current year tax collections for the year ended June 30, 2009, were approximately 99.05 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 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.

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

**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.

**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,

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

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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 \$431,837, \$385,292, and \$317,896, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**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.

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.

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

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**9. Sales Tax**

On May 8, 2007, Roger Mills County voters approved a 1.50% sales tax effective December 1, 2007, and ending November 30, 2013. The Roger Mills County Hospital Authority is to receive .9 of one cent. The Roger Mills County Rural Fire Departments are to receive .125 of one cent (Cheyenne, Crawford, Hammon, Reydon, Strong City, and Berlin Fire Departments each receiving 14.29% and Leedey and Sweetwater each receiving 7.13%). The remaining .475 of one cent is for the general operation and capital improvement of the Roger Mills County Senior Citizens Centers, the Roger Mills County Civil Defense, the Oklahoma State University Extension Office, the Roger Mills County Free Fair Board, the Roger Mills County Rural Economic Development, the Roger Mills County General Fund for the Sheriff's Office, the Treasurer's Office, the County Clerk's Office, the Assessor's Office, the Court Clerk's Office, the General Government Department, the Election Board Office, and the Excise Board Office.

**10. Transfers**

The Berlin Volunteer Fire Association Fund transferred \$36,123.59 to the Rural Fire Fund. Later in the year, the Berlin Volunteer Fire Association Fund transferred \$453.00 to the Rural Fire Fund. The transfer was made to complete the process of closing the Berlin Volunteer Fire Association Fund. Total interfund transfers were \$36,576.59.

**OTHER SUPPLEMENTARY INFORMATION**

**ROGER MILLS 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 Balance	\$ 4,136,301	\$ 4,136,301	\$ 4,136,301	\$ -
Less: Prior Year Outstanding Warrants	(153,330)	(153,330)	(153,330)	-
Less: Prior Year Encumbrances	(6,361)	(6,361)	(5,566)	795
Beginning Cash Balances, Budgetary Basis	<u>3,976,610</u>	<u>3,976,610</u>	<u>3,977,405</u>	<u>795</u>
Receipts:				
Ad Valorem Taxes	791,581	791,581	854,607	63,026
Sales Tax	100,000	100,000	528,104	428,104
Charges for Services	20,000	20,000	106,375	86,375
Intergovernmental Revenues	70,100	70,000	785,943	715,943
Miscellaneous Revenues	41,000	41,917	766,359	724,442
Total Receipts, Budgetary Basis	<u>1,022,681</u>	<u>1,023,498</u>	<u>3,041,388</u>	<u>2,017,890</u>
Expenditures:				
District Attorney	6,500	6,500	4,505	1,995
County Sheriff	601,465	601,465	592,364	9,101
County Treasurer	170,140	170,140	167,024	3,116
County Commissioners	268,448	268,449	178,413	90,036
County Clerk	265,974	265,924	251,630	14,294
Court Clerk	109,980	110,030	109,998	32
County Assessor	130,180	130,180	116,463	13,717
Revaluation of Real Property	97,159	97,159	86,015	11,144
General Government	1,470,000	1,470,000	626,071	843,929
Excise-Equalization Board	24,000	24,000	5,211	18,789
County Election Board	72,569	73,385	64,815	8,570
Insurance	1,005,000	1,005,000	363,517	641,483
Charity	6,000	6,000	1,818	4,182
Civil Defense	100	100	-	100
County Planning and Zoning Board	18,000	18,000	5,083	12,917
County Flood Planning Board	18,000	18,000	270	17,730
Sales and Use Tax Reserves	<u>716,538</u>	<u>716,538</u>	<u>-</u>	<u>716,538</u>

continued on next page

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

**ROGER MILLS 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**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
Audit Budget	8,238	8,238	8,238	-
Public Health Budget	1,000	1,000	-	1,000
Tick Eradication Account	5,000	5,000	2,400	2,600
SWODA	5,000	5,000	-	5,000
 Total Expenditures, Budgetary Basis	 4,999,291	 5,000,108	 2,583,835	 2,416,273
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 4,434,958	 \$ 4,434,958
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			20,792	
Add: Current Year Outstanding Warrants			237,850	
Add: Estopped Warrants			72	
Ending Cash Balance			<u>\$ 4,693,672</u>	

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

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

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**Budgetary Schedule**

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the 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.



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

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<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Payment:			
Schools and Roads - Grants to Counties	10.666		\$ 862,203
Total U.S. Department of Agriculture			<u>862,203</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payments in Lieu of Taxes	15.226		10,134
Payments in Lieu of Taxes	15.226		<u>3,752</u>
Total U.S. Department of Interior			<u>13,886</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disas	97.036	1775	<u>105,401</u>
Total U.S. Department of Homeland Security			<u>105,401</u>
Total Expenditures of Federal Awards			<u>\$ 981,490</u>

The accompanying note is an integral part of this schedule.  
See independent auditor's report.

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

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**Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of Roger Mills 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  
ROGER MILLS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Roger Mills County, Oklahoma, as of and for the year ended June 30, 2009, which comprises Roger Mills County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 17, 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 Roger Mills 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 Roger Mills 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 questioned costs, 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 questioned costs to be material weaknesses in internal control over financial reporting. 2009-1, 2009-3

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 questioned costs to be significant deficiencies in internal control over financial reporting. 2009-2, 2009-4, 2009-5, 2009-7, and 2009-8

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roger Mills 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*.

We noted a certain matter that we reported to the management of Roger Mills County, which is included in Section 4 of the schedule of findings and questioned costs contained in this report.

Roger Mills 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 Roger Mills 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".

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

August 17, 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 That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

TO THE OFFICERS OF  
ROGER MILLS COUNTY, OKLAHOMA

### Compliance

We have audited the compliance of Roger Mills 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 could have a direct and material effect on the County's major federal program for the year ended June 30, 2009. Roger Mills 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 the major federal program is the responsibility of Roger Mills County's management. Our responsibility is to express an opinion on Roger Mills 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 Roger Mills 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 Roger Mills County's compliance with those requirements.

In our opinion, Roger Mills County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2009.

### Internal Control Over Compliance

Management of Roger Mills 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 Roger Mills County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 Roger Mills 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2009-9. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Roger Mills 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 Roger Mills County's responses and, accordingly, we express no opinion on the responses.

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 that reads "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

August 17, 2011

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

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**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)? ..... Yes

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?..... Yes

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.666	Schools and Roads – Grants to Counties

Dollar threshold used to distinguish between Type A and Type B programs: ..... \$300,000

Auditee qualified as low-risk auditee?..... No



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

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**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 – 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, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The County Treasurer has two full-time deputies; however, one deputy performs the duties of preparing the daily report, preparing the general ledger, and preparing the deposits. The second deputy issues receipts but also reconciles the bank statement at month end. There is no formal segregation of duties to mitigate risk.

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

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and management review and approval of accounting functions.

Views of responsible officials and planned corrective actions:

**County Clerk:** The County officials are aware of the limited segregation of duties within offices and will strive to oversee the operations.

**County Treasurer:** The Roger Mills County Treasurer oversees all office operations and does a periodic review of the work. All deputies are cross trained and perform all daily duties in the Treasurer's office. All deposits are handled by at least two employees of the Treasurer's office and the Treasurer checks the General Ledger and reconciles the bank to the ledger regularly. The Treasurer works along-side the deputies and we work very well together. The Treasurer is preparing a Daily Work List to be initialed and dated as the daily work is completed. The Treasurer is also preparing a Monthly Work list to be completed at the end of each month. The Treasurer will write an office policy with job descriptions.

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

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**Finding 2009-2 – Bank Reconciliations**

Criteria: Accountability is an overall goal of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of reconciling the county general ledger to the bank statements and the approval of the reconciliation should be segregated.

Condition: The audit of bank statements for three months on all accounts revealed the following:

- 23 of 24 bank reconciliations indicated no review and approval.

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

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and management review and approval of accounting functions.

Views of responsible officials and planned corrective actions: The Roger Mills County Treasurer prepares the Monthly Report to the Oklahoma State Auditor and Inspector with all accounts listed on this report and this report is reconciled to the banks. If a change has been made in the requirements pertaining to bank reconciliations (specifically initialing and dating the reconciliation with a review and approval) should not this be presented to the Treasurer prior to an audit? The Roger Mills County Treasurer will prepare a spreadsheet for reconciliation of all accounts and have these reconciliations approved, dated and signed. These duties will be segregated.

**Finding 2009-3 – Footnote Disclosures**

Criteria: The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. Statement on Auditing Standards (SAS) No. 115 indicates that a control deficiency exists when management does not have adequate 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 preclude the external financial statement auditor from performing 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 prevent or detect misstatements in timely manner or to ensure all required disclosures are presented with the financial statement.

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

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Effect: The potential exists for misstatements to go undetected, specifically for the completeness of financial statement disclosures.

Recommendation: OSAI recommends the County consider one or more of the following controls:

- Having at least one staff member with sufficient skills necessary to understand the application of accounting principles in regards to the preparation of financial statements.
- Contract an outside firm or individual to review or prepare the financial statements and accompanying notes to the financial statements to ensure appropriate disclosures are presented.

Views of responsible officials and planned corrective actions: The County will contract an outside firm to prepare the financial statements and accompanying notes to the financial statements to ensure appropriate disclosures are presented.

**Finding 2009-4 - Encumbrance of Funds**

Criteria: Statutory controls have been established for the encumbrance of funds.

Title 19 O.S. § 1505.C.1 and 2 states:

The county purchasing agent shall prepare a purchase order in quadruplicate and submit it with a copy of the requisition to the county clerk; The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Condition: The test of forty-three purchase orders rendered that Purchase Order 3021 for John Deere equipment had a requisition date of 2/17/09, a contract date of 2/16/08, an invoice report date of 2/10/09, and the receiving report was dated 2/10/09.

Effect: This condition could result in a commitment of funds to purchase an item when the funds are not available and noncompliance with 19 O.S. § 1505.C.1 and 2.

Recommendation: OSAI recommends that the County comply with 19 O.S. § 1505.C.1 and 2 and ensure that funds are encumbered before purchasing or obtaining an item.

Views of responsible officials and planned corrective actions: The County will comply with 19 O.S. § 1505.C.1 and 2 and ensure that funds are encumbered before purchasing or obtaining an item.

**Finding 2009-5 - Payroll Timesheets**

Criteria: Effective internal controls include county government establish policies and procedures to document payroll disbursements using standardized timesheets. Those timesheets should be signed by the employee and approved by an authorized supervisor or official.

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

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Condition: The test of 15 timesheets revealed the following exceptions:

- 1) 2 of the 15 timesheets tested were not signed by the employee.
- 2) 9 of the 15 timesheets tested were not signed by a supervisor or official.
- 3) With the exception of the County Clerk, no other office files their timesheets with the County Clerk.
- 4) The Sheriff's office doesn't complete or file timesheets. The full-time employees use call logs that are not signed by the employee or a supervisor or official.

Effect: This condition could result in unrecorded transactions, undetected errors, or misappropriation of assets.

Recommendation: OSAI recommends that the County establish policy and procedures to ensure that standardized timesheets are completed by each employee, signed, and approved by a supervisor or official.

Views of responsible officials and planned corrective actions: The County will establish policies and procedures to ensure that standardized timesheets are completed by each employee, signed, and approved by a supervisor or official.

**Finding 2009-7 – Reconciliation of Monthly Appropriations**

Criteria: Effective internal controls include county government perform appropriate reconciliations and retain copies of the reconciliations performed.

Condition: The control test of monthly reconciliations of the County Clerk's Appropriation Ledger to the County Treasurer's General Ledger performed between the County Treasurer and County Clerk indicated that the monthly reconciliations performed were not maintained or approved.

Effect: This condition could result in undetected errors, misstated financial reports, or misappropriation of funds.

Recommendation: OSAI recommends that the County retain all reconciliation records until the OSAI audit has been completed, so as to provide evidence that controls are in place for the reconciliation between the County Clerk and County Treasurer.

Views of responsible officials and planned corrective actions:

**County Clerk:** The County Clerk and County Treasurer are retaining all reconciliation records and copies of the reconciliations performed as of July 1, 2011. County Clerk and County Treasurer are performing the appropriate reconciliation but were not retaining copies prior to July 1, 2011.

**County Treasurer:** The condition of this finding is worded incorrectly. The County Clerk does not reconcile to the County Treasurer's General Ledger. The Roger Mills County Clerk reconciles his Appropriation Ledger to the Roger Mills County Treasurer's Appropriation Ledger. The Roger Mills

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County Treasurer reconciles her appropriation to the General Ledger and then reconciles the General Ledger to the banks. The County Clerk and County Treasurer reconcile appropriation to appropriation on a monthly basis and have begun keeping the reconciliation worksheets in the Treasurer's Office.

**Finding 2009-8 – Personnel Files**

Criteria: Effective internal controls include county government establish policies and procedures to document that adequate information is contained in employee personnel files.

Condition: The following exceptions were noted in our test of 14 personnel files:

- 1) 9 personnel files did not contain completed I-9 forms and 3 personnel files were missing I-9 forms.
- 2) 2 personnel files did not document date of hire.
- 3) 1 personnel file contained a W4 form that was not completed.

Effect: This condition could result in unrecorded transactions, undetected errors, or misappropriation of assets.

Recommendation: OSAI recommends that the County establish policy and procedures to ensure that personnel files are maintained by the County Clerk's office in a complete and accurate manner.

Views of responsible officials and planned corrective actions: The County Clerk has established policies and procedures to ensure that personnel files are maintained in a complete and accurate manner.

**SECTION 3—Findings related to the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.**

**Finding 2009-9 – Schedule of Expenditures of Federal Awards**

**FEDERAL AGENCY:** U.S. Department of Agriculture, U.S. Department of Interior

**CFDA NO:** 10.666, 15.266

**FEDERAL PROGRAM NAME:** Schools and Roads – Grants to Counties; Payments in Lieu of Taxes

**FEDERAL AWARD YEAR:** 2008, 2009

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$-0-

Criteria: *OMB A-133, Subpart C, §\_\_\_\_.300* reads as follows:

Subpart C—Auditees

§\_\_\_\_.300 Auditees responsibilities.

The auditee shall:

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(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § \_\_\_\_.310.

Condition: During our review and reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) as initially prepared by Roger Mills County, we noted the following exceptions:

1. CFDA #10.666- Schools and Roads – Grants to Counties
  - The County received and expended \$862,202.97 on miscellaneous receipt #14639. The County reported the federal funds on the Schedule of Expenditures of Federal Awards as \$287,372.25, which was one-third of the amount awarded to the County and represents the amount apportioned to the Cash Highway Fund and not the remaining \$574,830.72, which was the two-thirds remitted to the Schools.
2. CFDA #15.226 – Payments in Lieu of Taxes (PILT) 2008
  - The County received and expended \$3,752.00 for a payment in lieu of taxes on miscellaneous receipt #14457. The County reported \$633.55 on the Schedule of Expenditures of Federal Awards, which was the County's portion of the money and not the remaining \$3,118.45 that went to the Schools.
3. CFDA #15.226 – Payments in Lieu of Taxes (PILT) 2009
  - The County received and expended \$10,134.00 for a payment in lieu of taxes on miscellaneous receipt #14764. The County reported \$1,711.16, which was the County's portion of the money and not the remaining \$8,422.84 that went to the Schools. This amount was not reported on the Schedule of Expenditures of Federal Awards.

Effect: Coordination of Federal Awards did not occur to ensure proper reporting, adequate internal controls, and compliance with federal requirements.

Recommendation: OSAI recommends Roger Mills County consider coordinating all federal grants that are either direct grants or pass-through grants under the County's jurisdiction. OSAI also recommends amounts reported on the Schedule of Federal Awards be reconciled to accounting records.

Views of responsible officials and planned corrective actions:

**County Clerk:** Roger Mills County will coordinate all federal grants that are either direct grants or pass-through grants under the County jurisdiction.

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**County Treasurer:** Roger Mills County is in full compliance with federal requirements for these monies. The Roger Mills County Treasurer goes to great lengths to ensure all monies are reported on these schedules. In the future the entire amount of Bankhead Jones monies and the Payment in Lieu of Taxes will be reported in their entirety.

**SECTION 4—This section contains a certain matter not required to be reported in accordance with *Government Auditing Standards* or OMB A-133. However, we believe this matter is significant enough to bring to management’s attention. We recommend that management consider this matter and take appropriate corrective action.**

**Finding 2009-10 – Inmate Trust Account**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds in the custody of the Sheriff should be safeguarding from possible misappropriation or embezzlement.

Condition: The County Sheriff’s office does not have a lock box to store inmate money collected by the Sheriff. The Sheriff’s office basically seals an envelope with the money enclosed in it, and then places the envelope in a manila envelope and puts it in a two drawer filing cabinet that has a filing cabinet lock. The keys to the cabinet are stored in an unsecured location in the dispatcher’s office making it easily accessible to the employees, trustees, and public.

Effect: Inmate trust funds are not secured appropriately, which could lead to misappropriation or embezzlement of funds.

Recommendation: OSAI recommends that the Sheriff implement policy and procedure to safeguard inmate funds from possible misappropriation or embezzlement by securing those funds in a locked box and designating one employee to be the custodian of the keys to the lock box. An alternate policy would be to establish an inmate trust account at the local bank as provided by 19 O.S. § 531.

Views of responsible officials and planned corrective actions: I have read the draft for the year ended June 30, 2009, and strongly disagree with the findings dealing with how the Roger Mills County Sheriff’s Office handles inmate cash. Currently any cash that an arrestee has upon booking is counted and documented on the booking form that both the inmate and booking officer sign. The cash is then placed in an envelope with the inmate’s name and the amount written on the outside. The envelope is then secured in a locking filing cabinet within the dispatch area to await the inmate’s release. The keys are kept in the dispatch area under the control of the dispatcher on duty. There is absolutely no access to Jail trustees and public access limited to only someone accompanied by an employee.

Your suggestion about putting the cash in a slotted lock box with only one key holder or establishing an inmate trust fund as provided by 19 O.S. § 531 is not feasible in Roger Mills County for the following reasons.

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The District Court has established a misdemeanor and traffic bond schedule to be used after hours and on weekends and holidays. If an individual is charged with one of the offenses and has money with him during booking then he has to have access to their money for the purposes of making that bond.

I did check with some adjoining counties about their Inmate Trust Fund and found that they all have a commissary ran by the jail through a third party that allows a substantial amount of funds to be in the account at all times. Roger Mills County does not run a commissary due to the small number of prisoners that we have on a daily basis. We have pulled our prisoner intake forms for the past four months and the daily balance was under \$200.00.





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