

COUNTY AUDIT

# ROGER MILLS COUNTY

For the fiscal year ended June 30, 2011



*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, 2011**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

January 8, 2014

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, 2011. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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, appearing to read "Gary A. Jones".

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

**ROGER MILLS COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**ROGER MILLS COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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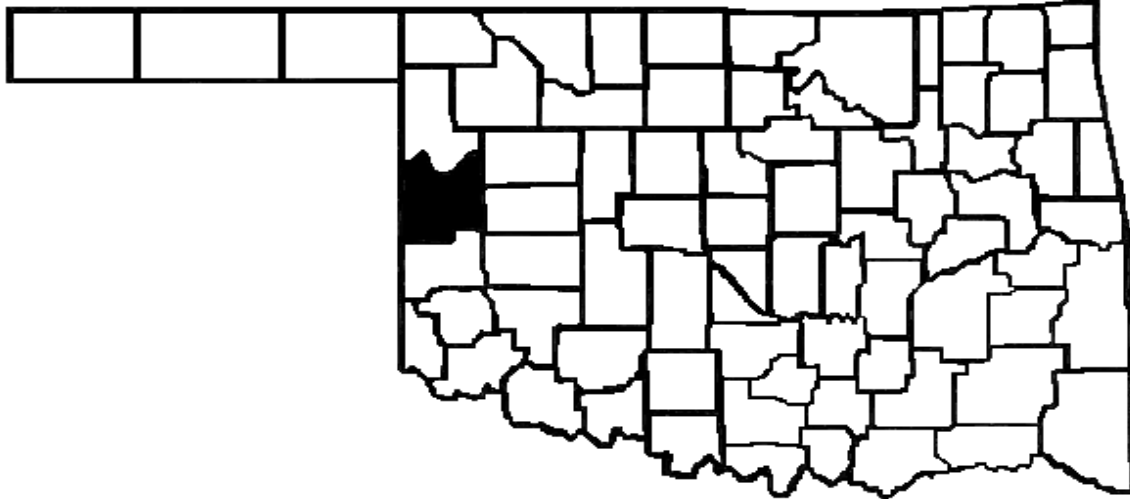
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**ROGER MILLS COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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Bordering the Texas panhandle, Roger Mills County was opened to settlement in the land run into the Cheyenne and Arapaho reservations in April 1892. It was designated County “F,” and Cheyenne was the county seat. In November 1892, an election changed the name of honor Roger Q. Mills of Texas, a former United States senator.

The Antelope Hills once marked the international line between the U.S. and Mexico, and Coronado made mention of them as a campsite in 1541. The California Road to the gold mines of the West crossed the area in 1849, commemorated by a marker north of Roll. 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.

Roger Mills County lies atop the rich Anadarko Basin and has many oil and gas wells. It enjoyed a boom period in the late 1970s and early 1980s, but agriculture is the mainstay and most of the large ranches are still owned and operated by the same families that first settled them. The construction of the first series of upstream dams in the last 1940s at Sandstone followed the ruinous dust storms of the 1930s. These pioneering efforts helped develop land and water conservation projects throughout the U.S.

For more information, call the county clerk’s office at 580/497-3365.

County Seat – Cheyenne

Area – 1,146.46 Square Miles

County Population – 3,407  
(2009 est.)

Farms – 693

Land in Farms – 719,356 Acres

Primary Source: Oklahoma Almanac 2011-2012

**ROGER MILLS COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**Board of County Commissioners**

District 1 – Brian Hay  
District 2 – Jerry Dean  
District 3 – Ray Hughes

**County Assessor**

Teresa Morris

**County Clerk**

Jimmy Beavin

**County Sheriff**

Joe Hay

**County Treasurer**

Bab Coker

**Court Clerk**

Jan Bailey

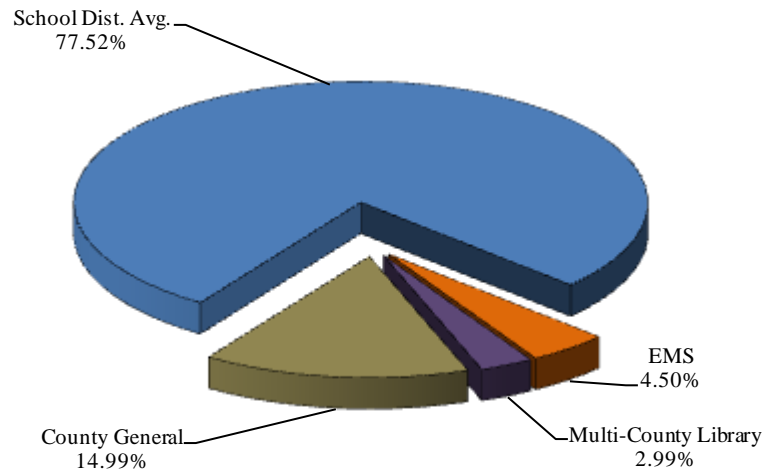
**District Attorney**

Dennis Smith



**ROGER MILLS COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

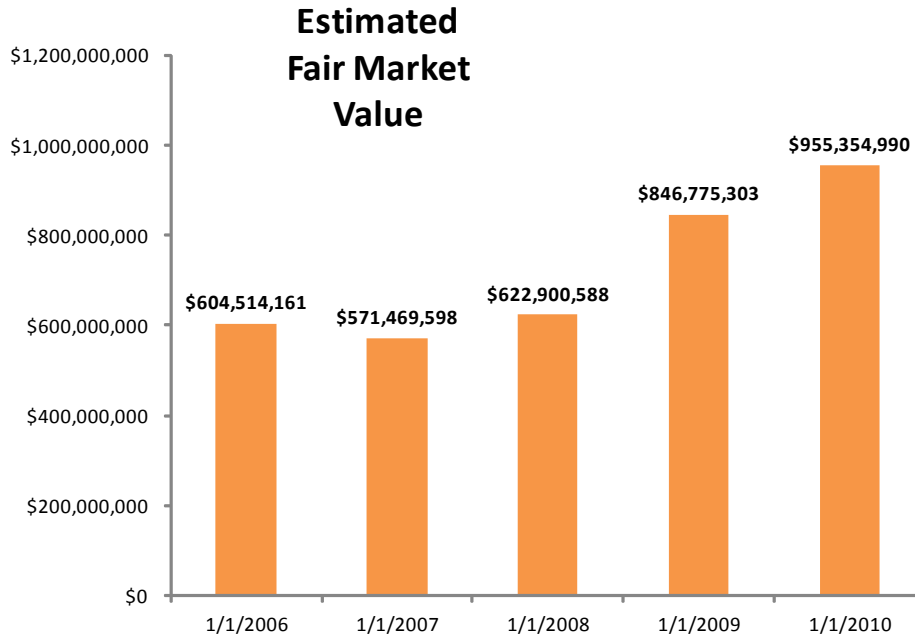
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.57								
Multi-County Library	2.11	Cheyenne	I-7	36.94	5.28	-	-	4.23	46.45
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	J-31	36.47	5.21	5.04	12.53	4.23	63.48
		Merritt	J-2	35.30	5.04	-	12.53	4.23	57.10
		Elk City	J-6	36.07	5.15	-	12.53	4.23	57.98

**ROGER MILLS COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 TREND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

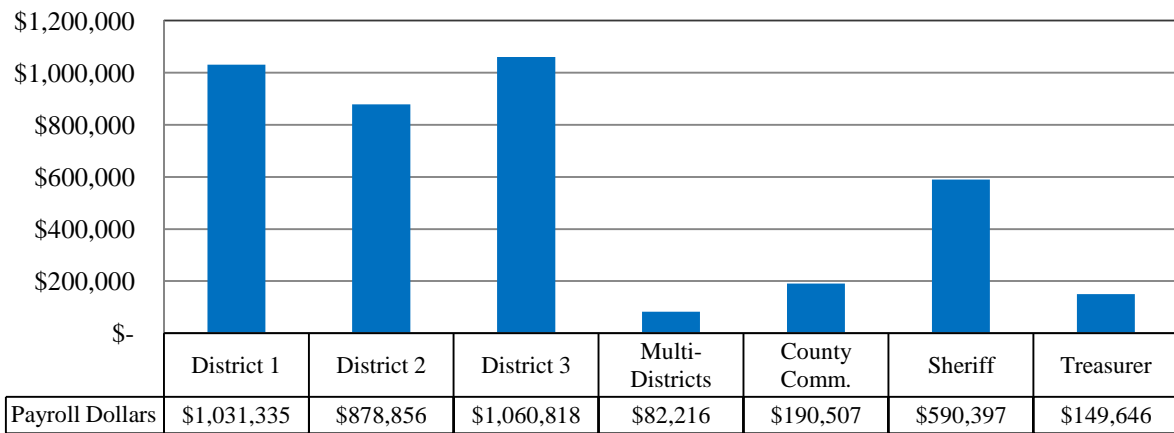
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2010	\$91,093,295	\$8,134,712	\$19,277,245	\$993,878	\$117,511,374	\$955,354,990
1/1/2009	\$76,333,615	\$12,398,603	\$18,768,120	\$977,763	\$106,522,575	\$846,775,303
1/1/2008	\$47,173,775	\$18,145,186	\$18,045,095	\$985,698	\$82,378,358	\$622,900,588
1/1/2007	\$44,798,310	\$11,936,272	\$17,509,540	\$993,273	\$73,250,849	\$571,469,598
1/1/2006	\$49,087,085	\$12,674,846	\$16,798,240	\$985,388	\$77,574,783	\$604,514,161



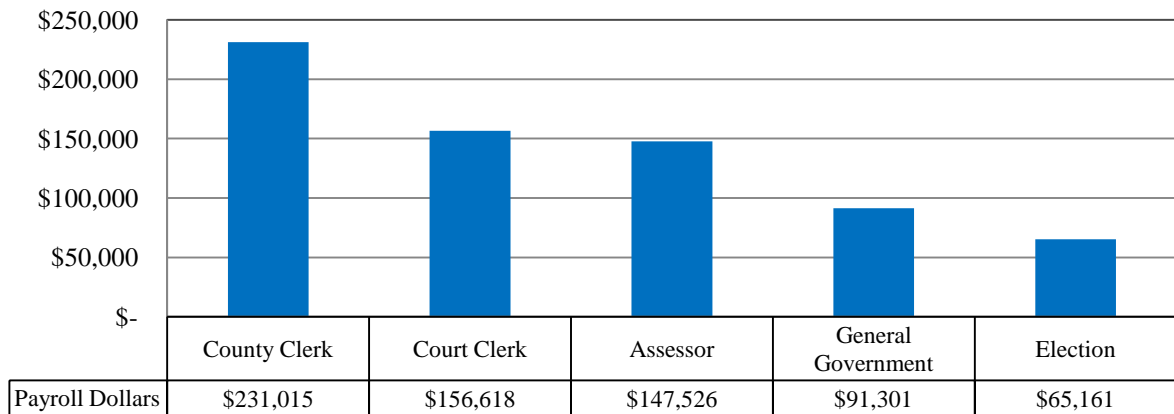
**ROGER MILLS COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2011.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

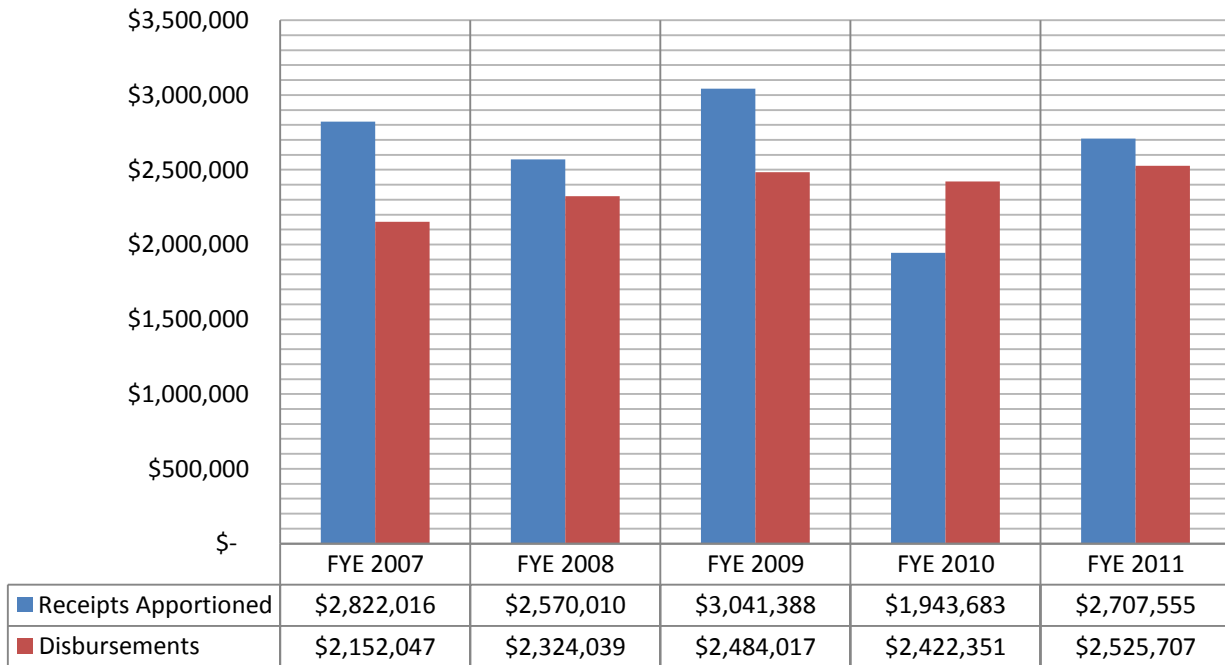


**ROGER MILLS COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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## County General Fund

The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.

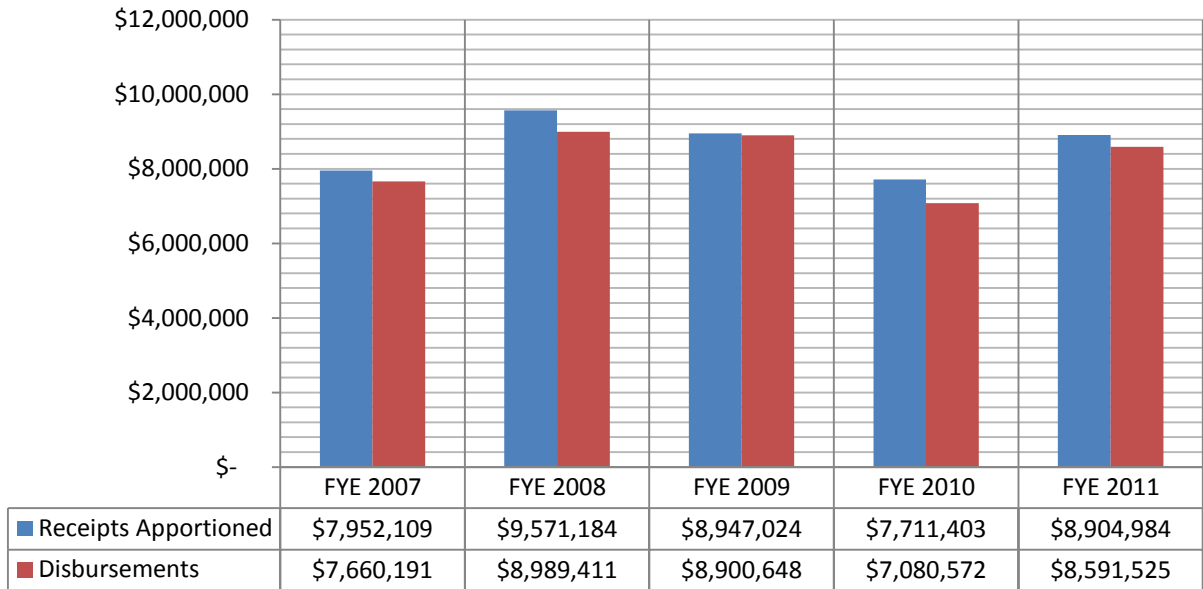


**ROGER MILLS COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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## County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



**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 total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Roger Mills County, Oklahoma, as of and for the year ended June 30, 2011, listed in the table of contents as the financial statement. This financial statement is the responsibility of Roger Mills County's management. Our responsibility is to express an opinion on the combined total—all county funds 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 differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects 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, 2011, 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 balances for all county funds of Roger Mills County, for the year ended June 30, 2011, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014, 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 county funds on the 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 financial statement. The remaining 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 financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the combined total—all county funds on the regulatory basis Statement of Receipts, Disbursements and Changes in Cash Balances and, in our opinion, is fairly stated, in all material respects, in relation to the combined total—all county funds. 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 at the end.

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

January 6, 2014



**REGULATORY BASIS FINANCIAL STATEMENT**

**ROGER MILLS COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES—REGULATORY BASIS  
(WITH COMBINING INFORMATION)—MAJOR FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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	Beginning Cash Balances July 1, 2010	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2011
Combining Information:						
Major Funds:						
County General Fund	\$ 4,215,004	\$ 2,707,555	\$ -	\$ -	\$ 2,525,707	\$ 4,396,852
County Highway Cash	5,211,077	8,904,984	-	-	8,591,525	5,524,536
Emergency Management Sales Tax	67,288	22,818	-	-	21,163	68,943
Economic Development Sales Tax	65,544	10,502	-	-	23,840	52,206
OSU Extension Sales Tax	64,342	45,083	-	-	33,710	75,715
Rural Fire Sales Tax	495,720	316,915	-	-	193,778	618,857
Senior Citizens Sales Tax	210,110	127,522	-	-	48,791	288,841
County Free Fair Sales Tax	24,108	57,010	-	-	22,647	58,471
Roger Mills County Hospital Sales Tax	79,007	1,800,314	-	-	1,676,470	202,851
Remaining Aggregate Funds	982,726	1,215,978	2,577,980	2,577,980	444,928	1,753,776
<b>Combined Total - All County Funds</b>	<b>\$ 11,414,926</b>	<b>\$ 15,208,681</b>	<b>\$ 2,577,980</b>	<b>\$ 2,577,980</b>	<b>\$ 13,582,559</b>	<b>\$ 13,041,048</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, 2011**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Roger Mills County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. 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, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

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

**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 major county funds included as combining 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.

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

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

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

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

**ROGER MILLS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

**C. Basis of Accounting**

The 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 regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement on a regulatory basis. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

**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.

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. 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.

**ROGER MILLS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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 are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**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."

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.

**3. Other Information**

**A. 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.

**ROGER MILLS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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.

**B. 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.

**C. 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.

**D. 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 provision of 69 O.S. Section 636.1 through Section 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired. The lease/purchase agreements for Roger Mills County are held at a local bank in Cheyenne, Oklahoma.

**E. Sales Tax**

On May 8, 2007, Roger Mills County voters approved a 1.5% sales tax effective December 1, 2007 and ending on November 30, 2013. The Roger Mills County Hospital Authority is to receive .9 of one-cent (60%). The Roger Mills County Rural Fire Departments are to receive .125 of one cent (Cheyenne, Crawford, Hammon, Reydton, Strong City, and Berlin each receiving 14.29% and Leedey and Sweetwater each receiving 7.13%). The remaining .475 on one-cent is for the general operation and capital improvements for the Roger Mills County Senior Citizens

**ROGER MILLS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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(4.25%), the Roger Mills County Emergency Management (.75%), the Oklahoma State University Extension Office (1.5%), the Roger Mills County Free Fair Board (1.9%), the Roger Mills County Rural Economic Development (.35%), and the Roger Mills County General Fund (22.92%).

The sales tax is accounted for in the following funds: Emergency Management Sales Tax, Economic Development Sales Tax, OSU Extension Sales Tax, Rural Fire Sales Tax, Senior Citizens Sales Tax, County Free Fair Sales Tax, and Roger Mills County Hospital Sales Tax.

**F. Interfund Transfers**

The County Treasurer established the County Bridge and Road Improvement Fund (CBRIF 105) to receive monies apportioned directly to the County from the Oklahoma Department of Transportation. The County Treasurer established additional funds, in which to invest CBRIF 105 monies that were not needed immediately for projects. During the 2012 fiscal year, two certificates of deposits were cashed in and a total \$2,577,980 was transferred between CBRI 105 and CBRIF 105 Savings and CBRIF First National Bank Savings funds.

**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, 2011**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 4,215,004	\$ 4,215,004	\$ -
Less: Prior Year Outstanding Warrants	(166,460)	(166,460)	-
Less: Prior Year Encumbrances	(56,081)	(37,918)	18,163
Beginning Cash Balances, Budgetary Basis	<u>3,992,463</u>	<u>4,010,626</u>	<u>18,163</u>
Receipts:			
Ad Valorem Taxes	1,154,864	805,291	(349,573)
Charges for Services	20,000	147,468	127,468
Intergovernmental Revenues	170,100	1,098,799	928,699
Miscellaneous Revenues	35,511	655,997	620,486
Total Receipts, Budgetary Basis	<u>1,380,475</u>	<u>2,707,555</u>	<u>1,327,080</u>
Expenditures:			
District Attorney	8,500	4,047	4,453
County Sheriff	610,386	605,664	4,722
County Treasurer	172,600	168,628	3,972
County Commissioners	272,409	203,508	68,901
County Clerk	262,414	255,159	7,255
Court Clerk	128,620	119,599	9,021
County Assessor	136,620	132,407	4,213
Revaluation of Real Property	98,479	86,725	11,754
General Government	1,555,000	409,685	1,145,315
Excise-Equalization Board	25,000	4,148	20,852
County Election Board	75,190	67,976	7,214
Insurance	925,881	361,595	564,286
Charity	6,000	-	6,000
Emergency Management	61,436	-	61,436
County Planning and Zoning Board	18,000	2,439	15,561
County Flood Planning Board	18,000	235	17,765
Sales/Use Tax Reserves	750,000	-	750,000
Ad Valorem Reserves	215,000	-	215,000
Audit Budget	22,403	22,403	-
Public Health Budget	1,000	-	1,000
Tick Eradication Account	5,000	2,400	2,600
SWODA	5,000	583	4,417
Total Expenditures, Budgetary Basis	<u>5,372,938</u>	<u>2,447,201</u>	<u>2,925,737</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	4,270,980	<u>\$ 4,270,980</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		-	
Add: Current Year Outstanding Warrants		120,608	
Add: Current Year Encumbrances		5,264	
Ending Cash Balance		<u>\$ 4,396,852</u>	

**ROGER MILLS COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS—**  
**REMAINING AGGREGATE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Beginning Cash Balances July 1, 2010	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2011
Remaining Aggregate Funds:						
Resale Property	\$ 26,450	\$ 9,282	\$ -	\$ -	\$ 8,475	\$ 27,257
Treasurer Mortgage Tax Certification Fee	5,784	940	-	-	522	6,202
County Clerk Lien Fee	346,285	62,313	-	-	2,046	406,552
County Clerk Records Preservation Fee	195,519	45,845	-	-	16,102	225,262
Assessor Revolving	25,038	11,838	-	-	3,805	33,071
Assessor Visual Inspection	1,991	4	-	-	230	1,765
Sheriff Service Fee	175,113	62,633	-	-	20,454	217,292
Sheriff Prisoner Revolving	178,004	100,263	-	-	117,723	160,544
Sheriff Forfeiture	527	-	-	-	-	527
Sheriff Estray Cattle	4,772	-	-	-	4,772	-
Berlin CENA Grant	3,504	1,782	-	-	4,616	670
Courthouse Security	19,729	7,917	-	-	695	26,951
Reward Fund	10	-	-	-	-	10
CBRIF 105	-	911,875	491,751	1,110,594	265,488	27,544
CBRIF 105 CD# 11410	-	-	400,663	400,663	-	-
CBRIF 105 CD# 11387	-	-	600,962	600,962	-	-
CBRIF 105 Savings	-	852	858,341	465,761	-	393,432
CBRIF First National Bank Savings	-	434	226,263	-	-	226,697
<b>Combined Total - Remaining Aggregate Funds</b>	<b>\$ 982,726</b>	<b>\$ 1,215,978</b>	<b>\$ 2,577,980</b>	<b>\$ 2,577,980</b>	<b>\$ 444,928</b>	<b>\$ 1,753,776</b>

**ROGER MILLS COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

**2. Remaining County Funds**

Remaining aggregate funds as presented on the financial statement are as follows:

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 fees for copies and lien collections and disbursements as restricted by statute.

County Clerk Record Preservation Fee – accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute.

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

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

Sheriff Service Fee – accounts for the collection and disbursements 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 used for the purpose of maintaining the jail.

**ROGER MILLS COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Sheriff Estray Cattle – accounts for the proceeds from the sale of estray cattle and disbursements are for the expenses related to the care of the cattle. Title 4 Section 85.6 directs unclaimed monies to be apportioned to County General after 1 year.

Berlin CENA Grant – accounts for grant money received as reimbursements for nutrition assistance in the community.

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

Reward Fund – accounts for a percentage of fines imposed for littering and 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 state littering laws.

CBRIF 105 – County bridge and road improvement funds for road and bridge construction in the county meeting County Road Standards, with the County agreeing to provide adequate maintenance over the life of the structures to protect the investment.

CBRIF 105 CD #11410 – accounts for CBRIF monies invested by the County to earn interest and to be transferred to CBRIF 105 as needed for bridge and road improvement projects.

CBRIF 105 CD #11387 – accounts for CBRIF monies invested by the County to earn interest and to be transferred to CBRIF 105 as needed for bridge and road improvement projects.

CBRIF 105 Savings – accounts for CBRIF monies invested by the County to earn interest and to be transferred to CBRIF 105 as needed for bridge and road improvement projects.

CBRIF 105 First National Bank Savings – accounts for CBRIF monies invested by the County to earn interest and to be transferred to CBRIF 105 as needed for bridge and road improvement projects.

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE</b>			
Direct Grant:			
Schools and Roads - Grants to Counties	10.666	N/A	\$ 388,080
Total U.S. Department of Agriculture Forest Service			<u>388,080</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Direct Grant:			
Payment in Lieu of Taxes	15.226	N/A	10,235
Total U.S. Department of Interior			<u>10,235</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1775	17,567
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1883	142,941
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1883	111,843
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-2799	7,644
Total U.S. Department of Homeland Security			<u>279,995</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 678,310</u></u>

**ROGER MILLS COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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*.

**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, 2011, 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 January 6, 2014. 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. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2011, on the basis of accounting prescribed by Oklahoma state law, described in Note 1. 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 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.

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. 2011-1, 2011-3, and 2011-4.



### 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-3.

We noted certain matters that we reported to the management of Roger Mills County, which are included in Section 4 of the schedule of findings and questioned costs contained in the 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 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, and 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

January 6, 2014



# 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 Auditors 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 Roger Mills County's major federal program for the year ended June 30, 2011. 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 its 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 its major federal program for the year ended June 30, 2011.

## 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-10 to be a material weakness.

This report is intended solely for the information and use of management, those charged with governance, and 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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

January 6, 2014

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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? ..... No

Noncompliance material to financial statements noted?..... Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? ..... 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?..... Yes

Identification of Major Programs

CFDA Number(s)  
10.666

Name of Federal Program or Cluster  
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, 2011**

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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 2011-1—Inadequate County-Wide Controls**

**Condition:** County-wide controls regarding Risk Management and Monitoring have not been designed.

**Cause of Condition:** Procedures have not been designed to address risks of the County.

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

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**All Officers:** Management has implemented procedures to meet once a month to identify and address risks to the County.

**County Clerk:** The County Officials are aware of the limited segregation of duties within offices and will strive to oversee the operations. Management has implemented procedures to meet once a month to identify and address risks to the County. The County Clerk's office will attend workshops and training for internal controls. The County will update their written policies and procedures and include them in the County Policy and Procedures Handbook.

**Criteria:** Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

**Finding 2011-3—Inadequate Internal Controls and Noncompliance Over the Purchasing Process**

**Condition:** Upon inquiry of County personnel, observation of the County’s purchasing process, and test for statutory compliance, the following weaknesses were noted:

- Unauthorized County personnel are allowed to requisition purchase orders.
- Purchases are made prior to encumbering of funds in the computer system.
- Employees that purchase goods, also receive them, and complete receiving reports.
- During the test of fifty-two purchase orders, we noted the following noncompliance:
  - Three purchase orders had supporting documentation prepared by the County, but no additional documentation by the vendor, such as invoices or statements, were attached to the purchase orders.
  - Fifty-two (100%) of the purchase orders tested were not encumbered prior to purchasing goods or services. Rather, the purchasing agent assigns the purchase a number manually in a purchase order calendar, but encumbers the funds in the computer system at a later date.

**Cause of Condition:** Procedures with regard to segregating the duties over the purchasing process have not been designed and implemented, and compliance with purchasing laws has not been adhered to with regard to requisitioning and encumbering purchase orders and receiving goods and services.

**Effect of Condition:** These conditions resulted in noncompliance and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends the following key accounting functions of the purchasing process be adequately segregated and adhered to as follows:

- Authorized requisitioning officers should be initiating the purchase.
- Authorized receiving agents should be signing receiving reports for goods and services.
- The County should comply with purchasing laws and ensure that funds are properly encumbered prior to the purchase of goods or services.

**Management Response:**

**County Assessor:** We will make sure there is segregation in my office where purchasing is concerned.

**County Clerk:** The County Clerk and the County Purchasing Agent will attend workshops and training for purchasing procedures. The County will update their written policies and procedures and include them in the County Policies and Procedures Handbook.

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**District 1 Commissioner:** We will encumber funds prior to purchasing.

**County Sheriff:** We will take appropriate steps to ensure purchasing procedures are done right.

**County Treasurer:** We will follow the procedures set in place by the commissioners. Or we will ensure that we will turn in requisitions to the Purchasing Agent prior to ordering goods/services.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper account of funds, the duties of processing, authorizing, and distribution should be segregated.

An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

Additionally, 19 O.S. § 1505 provides the guidelines for making purchases for county government and 19 O.S. § 1501 states, "the county purchasing agent: shall, within the amount of the unencumbered balance, make all purchases that are paid from county funds for the various institutions, departments, officers, and employees of the county, except at public auctions and as otherwise provided for by law; may make purchases for political subdivisions of this state within the county if authorized by appropriate action of the governing board or body of the political subdivision affected; shall make purchases and rental or lease-purchase agreements only after following bidding procedures as provided for by law."

**Finding 2011-4—Inadequate Internal Controls Over the Payroll Process**

**Condition:** Upon inquiry of County personnel and observation of the payroll process, we determined the following weaknesses were present:

- The payroll clerk enters new hire information into the payroll system.
- The payroll clerk posts withholdings, posts to accounting records, and prepares the monthly verification report.
- The payroll clerk maintains personnel files of employees.

Further, there is no policy regarding a deadline for timesheets/timecards to be delivered to the payroll clerk for timely processing.

**Cause of Condition:** Procedures with regard to segregation of duties over the payroll process within the office of the County Clerk have not been designed and implemented. A policy requiring a deadline for delivering time records to the payroll clerk has not been designed.

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transaction could result in unrecorded transaction, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner. Additionally, a process where there is no requirement to deliver time records to the payroll clerk in a timely manner, could lead to unrecorded transactions or clerical errors.

**Recommendation:** OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. 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 having management review and approve accounting functions.

Further, the duties of entering new hire information into the payroll system, posting withholdings, maintaining personnel files, and posting to accounting records should be adequately segregated.

Management should implement a policy for districts and offices to deliver time records to the payroll clerk by the established deadline.

**Management Response:**

**County Clerk:** Roger Mills County Officials will review the new hire policy for Roger Mills County at our monthly officers meeting. The County Clerk's office will segregate the duties over the payroll process. The County will update their written policies and procedures and include them in the County Policies and Procedures Handbook. The payroll clerk will personally meet all newly hired individuals.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

**SECTION 3—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 2011-10—County Wide Controls Over Major Program - Schools and Roads – Grants to Counties**

**PASS THROUGH GRANTOR:** Direct Grant

**FEDERAL AGENCY:** United States Department of Agriculture Forest Service

**CFDA NO:** 10.666

**FEDERAL PROGRAM NAME:** Schools and Roads – Grants to Counties

**FEDERAL AWARD NUMBER:** Not applicable

**FEDERAL AWARD YEAR:** 2011

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Cash Management;

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



**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**Condition:** County-wide controls regarding Risk Management and Monitoring have not been designed.

**Cause of Condition:** Procedures have not been designed to address risks of the County.

**Effect of Condition:** This condition could result in noncompliance to grant requirements.

**Recommendation:** OSAI recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**All Officers:** Management has already implemented procedures to meet once a month to identify and address risks to the County.

**County Clerk:** The County officials are aware of the limited segregation of duties within offices and will strive to oversee the operations. Management has implemented procedures to meet once a month to identify and address risks to the County. The County Clerk's office will attend workshops and training for internal controls. The County will update their written policies and procedures and include them in the County Policy and Procedures Handbook.

**Criteria:** Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2011-6—Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory**

**Condition:** Upon inquiry of County personnel and observation of fixed assets inventory, we determined the following weaknesses are present:

- The County Commissioners for District 1, District 2, and District 3, County Clerk, County Sheriff, and Court Clerk were able to provide us with an inventory list; however, there was no indication of an inventory count being performed.
- The County Assessor had documentation of inventory count performed on September 21, 2011, but it did not indicate who performed the count.

**Cause of Condition:** Procedures have not been designed and implemented by county officers to ensure compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute. When fixed assets are not monitored opportunities for misuse or loss of equipment can occur.

**Recommendation:** OSAI recommends the County comply with 19 O.S. § 178.1 by maintaining inventory records and properly marking assets with county identification numbers, and performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed assets recordkeeping process.

**Management Response:**

**County Assessor:** We will have whoever performs the count sign the inventory count form.

**County Clerk:** The County Clerk’s office will implement procedures to perform an annual inventory verification that will indicate the date and who performed the count.

**Court Clerk:** We will perform an annual inventory verification that will indicate the date it was performed and performed it.

**District 1 Commissioner:** We will implement procedures to perform an annual inventory count and document the individual that performed the count and the date it was performed. We will ensure vehicles are marked according to statute.

**District 2 Commissioner:** No response.

**District 3 Commissioner:** No response.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**County Sheriff:** We will perform an annual inventory count and document the performance of the count and the date it was performed.

**Criteria:** Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

**Finding 2011-9—Inadequate Internal Controls Over Court Fund Expenditures**

**Condition:** Upon inquiry of Court Clerk personnel and the observation of the Court Fund expenditure process, we determined the following weaknesses exist:

- The Court Clerk prepares the Court Fund claims, initiates the payments, prints and signs vouchers, and mails or delivers payments to the vendors. She also reconciles monthly with the County Treasurer.
- Additionally, in our test of thirty Court Fund claims for fiscal year 2011, we noted that twelve claims had inadequate supporting documentation for court reporter's transcripts and recurring expenses for Law Library and State Judicial Fund.

**Cause of Condition:** Procedures to segregate the duties over Court Fund expenditures have not been designed or implemented and procedures not in place to ensure that claims are adequately documented.

**Effect of Condition:** 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. Additionally, the lack of supporting documentation could result in noncompliance with the statute.

**Recommendation:** OSAI recommends the Court Clerk design and implement procedures to ensure a proper segregation of duties over the expenditure process. The following accounting functions of the expenditures process should be adequately segregated:

- Preparation of Court Fund claims,
- Initiation of payment,
- Printing and signing of vouchers, and
- Monthly reconciliation with the County Treasurer.

Further, OSAI recommends that adequate supporting documentation be attached to all Court Fund claims.

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**Management Response:**

**Court Clerk:** The office has already implemented procedures to ensure adequate documentation is attached to court fund claims. To mitigate the segregation of duties issue, the Court Clerk will have another deputy reconcile the reports to the County Treasurer's records on a monthly basis.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Title 20 O.S. § 1304 states in part, "claims against the court fund shall include only expenses lawfully incurred for the operation of the court."

**ROGER MILLS COUNTY, OKLAHOMA  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
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**Finding 2010-6—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:** 2010

**CONTROL CATEGORY:** Reporting

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

**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 \$3,965,759.37 on miscellaneous receipt #15118. The County reported the federal funds on the Schedule of Expenditures of Federal Awards as \$1,321,787.60, 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 \$2,643,971.77, which was the two-thirds remitted to the Schools.

2. CFDA #15.226 –Payments in Lieu of Taxes (PILT)

- The County received and expended \$10,236.00 for a payment in lieu of taxes on miscellaneous receipt #15299. This amount was not reported on the Schedule of Expenditures of Federal Awards.

**Corrective Action Plan:** The County implemented procedures to accurately report federal expenditures for fiscal year 2011.



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