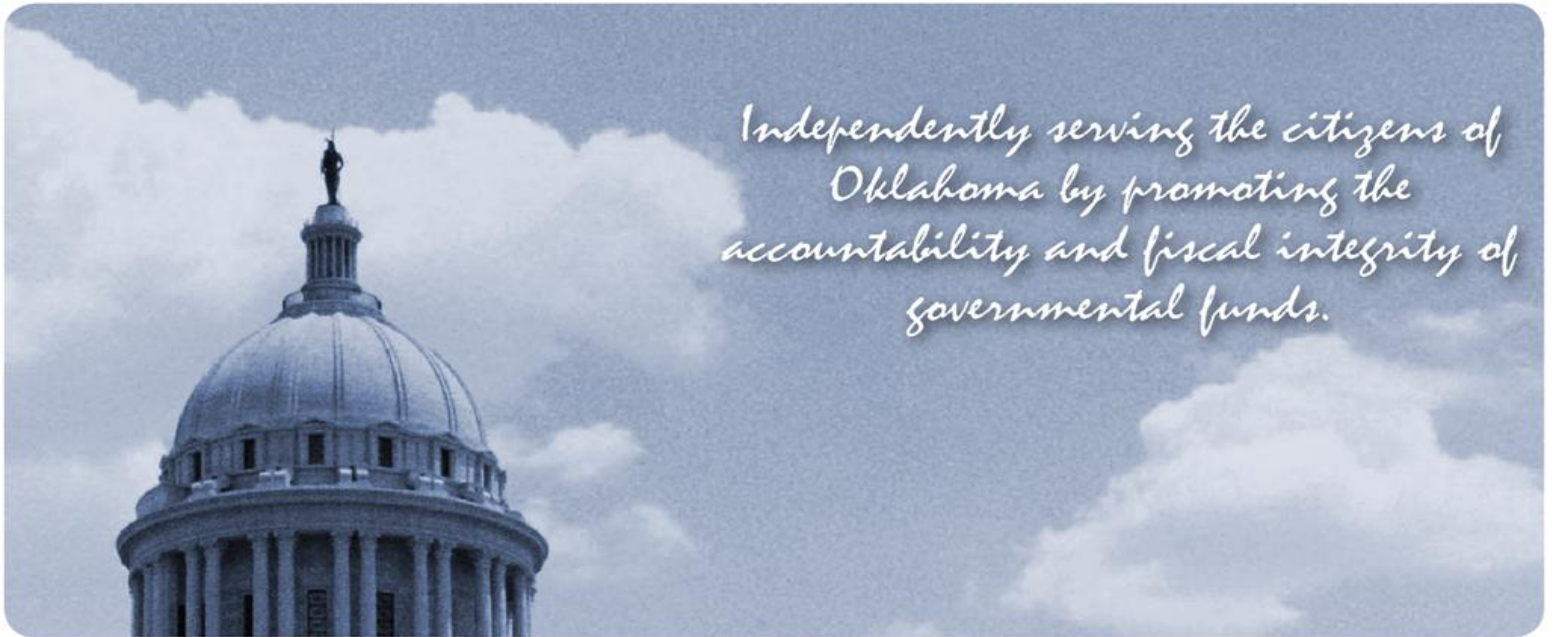


FINANCIAL AUDIT

ROGER MILLS COUNTY

For the fiscal year ended June 30, 2013



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, 2013**

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) 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

November 17, 2015

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, 2013. 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,

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

**ROGER MILLS COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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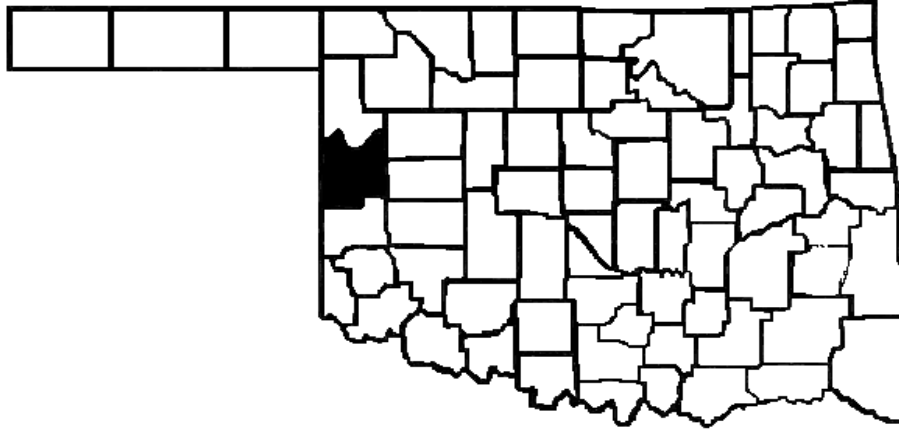
ROGER MILLS COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**ROGER MILLS COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



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 to 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 1970’s and early 1980’s, 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 late 1940’s at Sandstone followed the ruinous dust storms of the 1930’s. These pioneering efforts helped develop land and water conservation projects throughout the U.S.

For more information, call the county clerk’s office at 580-497-3395.

County Seat – Cheyenne

Area – 1,146.46 Square Miles

County Population – 3,774
(2012 est.)

Farms – 693

Land in Farms – 719,356 Acres

Primary Source: Oklahoma Almanac 2013-2014

**ROGER MILLS COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Brian Hay
District 2 – Justin Walker
District 3 – Ray Hughes

County Assessor

Teresa Morris

County Clerk

Jimmy Beavin

County Sheriff

Joe Hay

County Treasurer

Bab Coker

Court Clerk

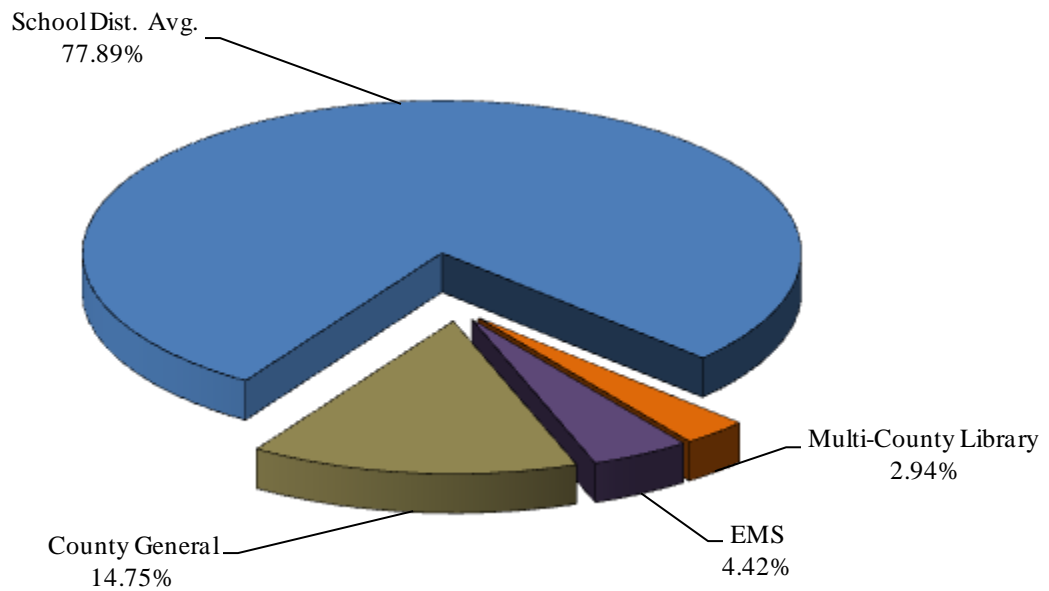
Jan Bailey

District Attorney

Dennis Smith

**ROGER MILLS COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

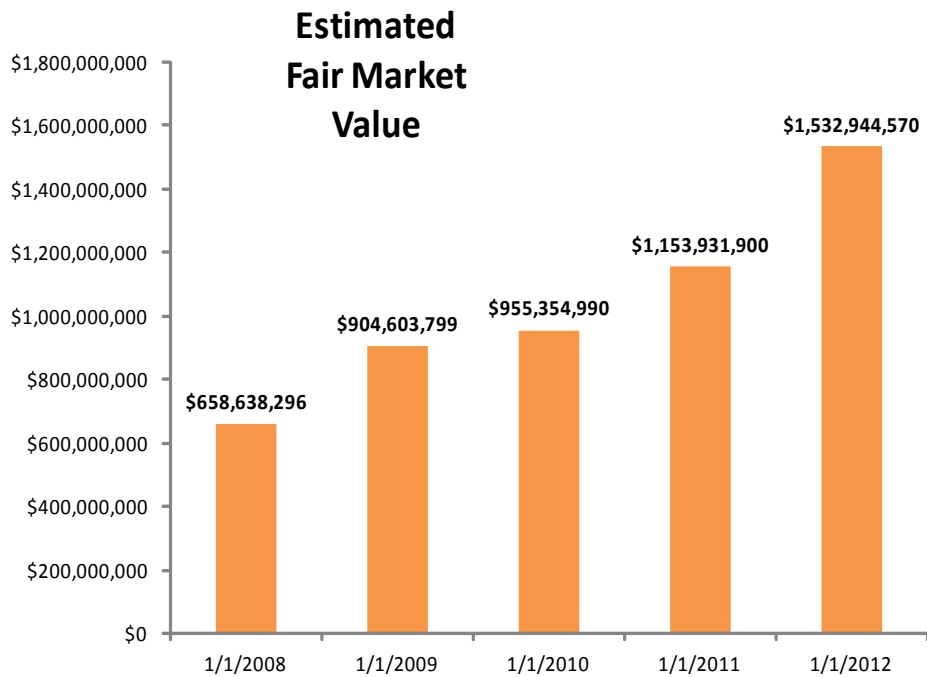
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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					
				Career					
County General	10.57			Gen.	Bldg.	Skg.	Tech	Common	Total
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	10.90	12.53	4.23	69.65
		Sayre	J-31	36.47	5.21	3.25	12.53	4.23	61.69
		Merritt	J-2V12	35.30	5.04	-	12.53	4.23	57.10
		Elk City	J-6V12	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, 2013

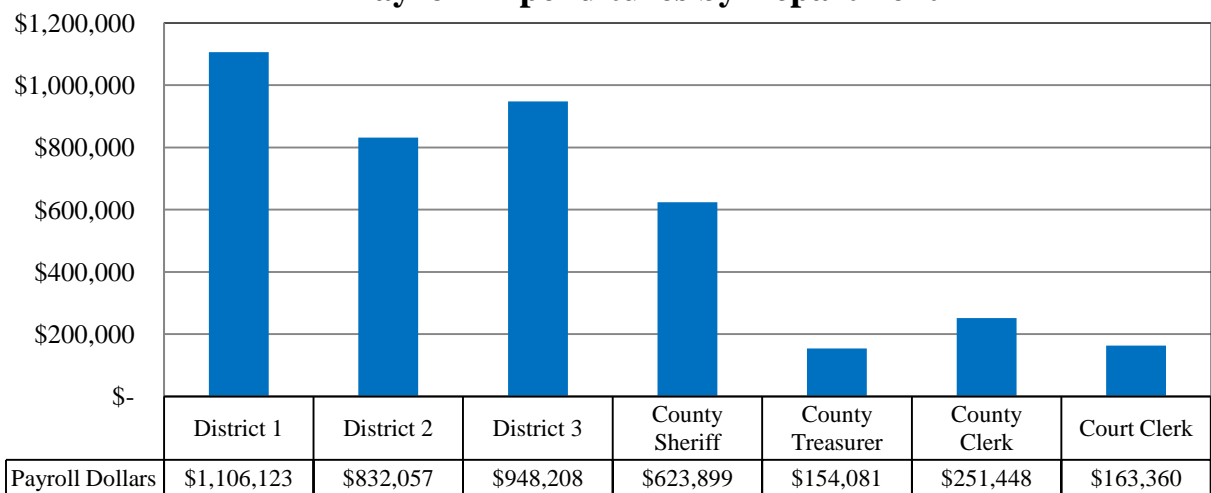
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$159,346,420	\$8,044,406	\$20,382,295	\$976,700	\$186,796,421	\$1,532,944,570
1/1/2011	\$114,180,330	\$8,681,292	\$19,732,395	\$987,495	\$141,606,522	\$1,153,931,900
1/1/2010	\$91,093,295	\$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	\$904,603,799
1/1/2008	\$47,173,775	\$18,145,186	\$18,045,095	\$958,698	\$82,378,358	\$658,638,296



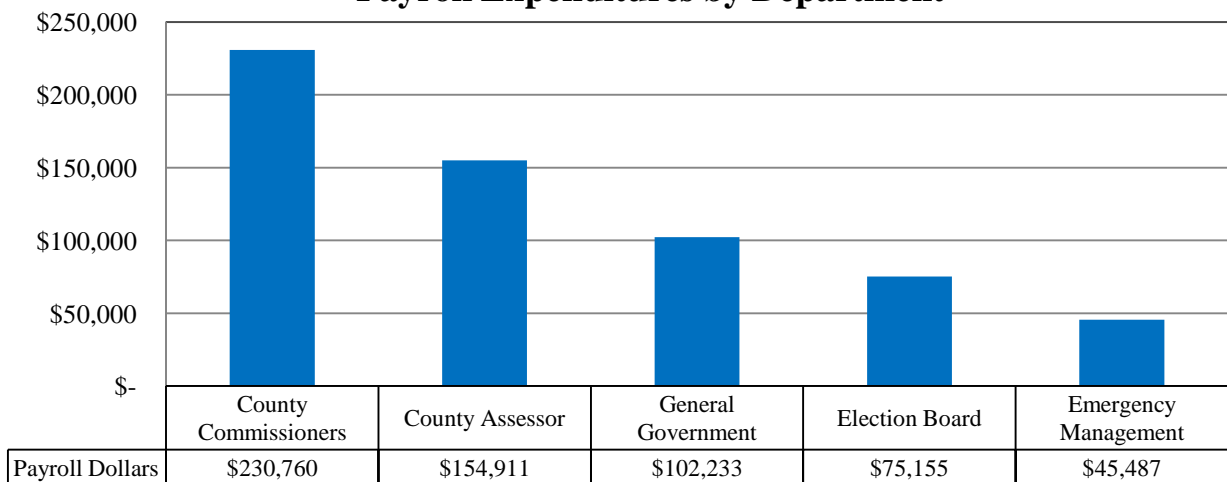
**ROGER MILLS COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013.

Payroll Expenditures by Department



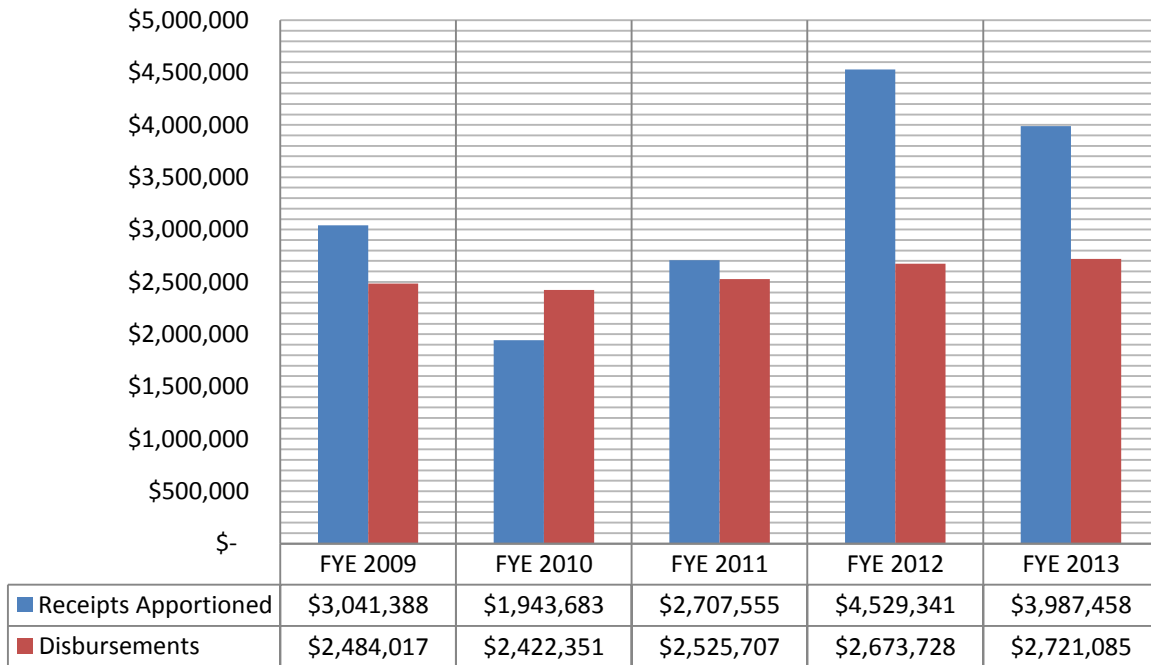
Payroll Expenditures by Department



**ROGER MILLS COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

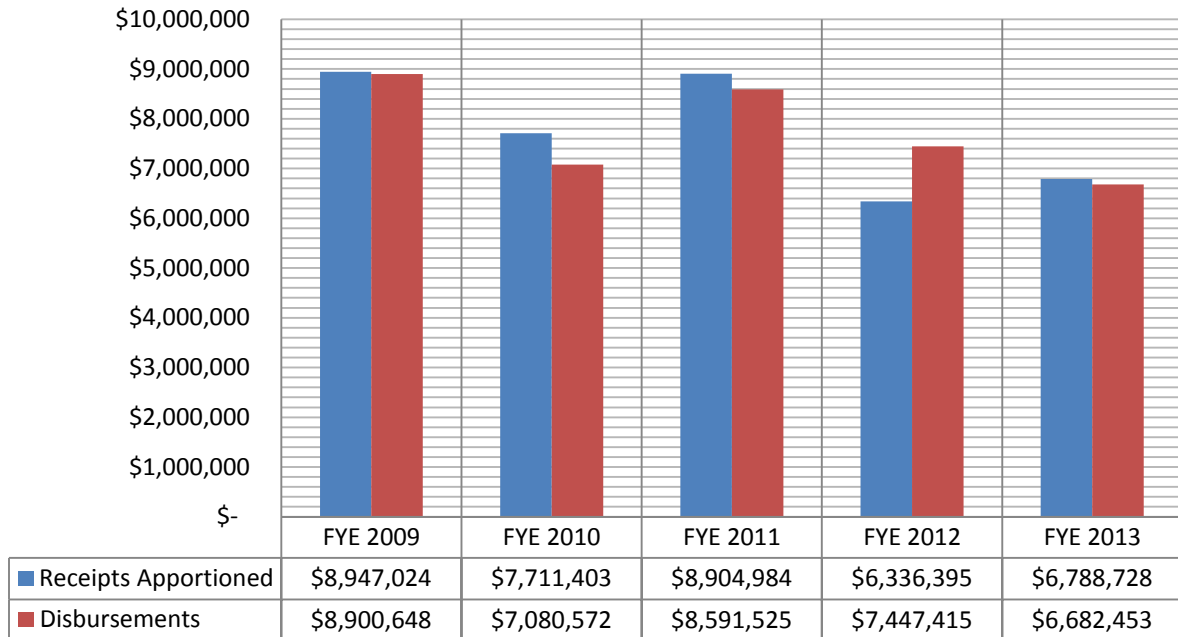
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also 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, 2013**

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

Report on the Financial Statement

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, 2013, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Roger Mills County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Roger Mills County as of June 30, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

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, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

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, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, 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 subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, 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 in considering Roger Mills County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, flowing script.

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

November 16, 2015

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, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combining Information:						
Major Funds:						
County General Fund	\$ 6,252,465	\$ 3,987,458	\$ -	\$ -	\$ 2,721,085	\$ 7,518,838
County Highway Fund	4,413,516	6,788,728	-	-	6,682,453	4,519,791
Emergency Management Sales Tax	102,951	50,469	-	-	14,483	138,937
Economic Development Sales Tax	66,363	23,552	-	-	39,569	50,346
OSU Extension Sales Tax	139,600	100,939	-	-	43,513	197,026
Rural Fire Sales Tax	1,009,464	560,546	-	-	361,462	1,208,548
Senior Citizens Sales Tax	458,766	285,993	-	-	90,397	654,362
County Free Fair Sales Tax	147,527	127,856	-	-	92,216	183,167
Roger Mills County Hospital Sales Tax	463,323	4,037,547	-	-	3,641,361	859,509
Berlin CENA Grant	2,721	4,550	-	-	7,271	-
Rural Economic Action Plan (REAP) Grant	-	7,495	-	-	7,495	-
Remaining Aggregate Funds	2,052,420	600,468	694,605	694,605	712,817	1,940,071
Combined Total - All County Funds	\$ 15,109,116	\$ 16,575,601	\$ 694,605	\$ 694,605	\$ 14,414,122	\$ 17,270,595

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, 2013**

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 county funds included as combining information within the financial statement:

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

County Highway Fund – 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 as restricted by sales tax ballot.

Economic Development Sales Tax – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

OSU Extension Sales Tax – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

**ROGER MILLS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Rural Fire Sales Tax – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Senior Citizens Sales Tax – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

County Free Fair Sales Tax – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

Roger Mills County Hospital Sales Tax – accounts for sales tax collected and disbursed as restricted by sales tax ballot.

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

Rural Economic Action Plan (REAP) Grant – accounts for all Rural Economic Action Plan grants were apportioned directly to Rural Fire Department.

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 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. 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

**ROGER MILLS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.

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.

**ROGER MILLS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.

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, the County was a defendant in two lawsuits that should not have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. 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. The Roger Mills County Rural Fire Departments are to receive .125 of one cent (Cheyenne, Crawford, Hammon, Reydon, Strong City, and Berlin each receiving 14.29%

**ROGER MILLS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, the Roger Mills County Civil Defense/Emergency Management, 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, 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.

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, Roger Mills County Hospital Sales Tax, and County General Fund.

E. Transfers

In Fiscal Year 2011, 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 three savings accounts to invest CBRIF monies. In fiscal year 2013, the County made the following transfers between the following CBRIF funds:

- A total \$474,107 was transferred into CBRIF 105 fund from the CBRIF 105 Savings fund in the amount of \$472,891 and \$1,216 was transferred from CBRIF 105 First National Bank Savings fund to be used for road and bridge improvements of the County.
- \$220,498 was transferred into CBRIF 105 Savings fund from CBRIF 105 fund to earn interest while not being used for a bridge repair.

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, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 6,252,465	\$ 6,252,465	\$ -
Less: Prior Year Outstanding Warrants	(146,951)	(146,951)	-
Less: Prior Year Encumbrances	(5,535)	(3,846)	1,689
Beginning Cash Balances, Budgetary Basis	6,099,979	6,101,668	1,689
Receipts:			
Ad Valorem Taxes	1,763,158	1,613,167	(149,991)
Charges for Services	20,000	134,984	114,984
Intergovernmental Revenues	160,118	1,752,756	1,592,638
Miscellaneous Revenues	20,000	486,551	466,551
Total Receipts, Budgetary Basis	1,963,276	3,987,458	2,024,182
Expenditures:			
District Attorney	13,000	6,266	6,734
County Sheriff	710,006	704,585	5,421
County Treasurer	194,710	189,443	5,267
County Commissioners	512,000	248,683	263,317
County Clerk	270,162	252,806	17,356
Court Clerk	135,478	121,014	14,464
County Assessor	143,079	120,393	22,686
Revaluation of Real Property	100,530	83,293	17,237
General Government	1,646,438	452,626	1,193,812
Excise-Equalization Board	25,000	4,024	20,976
County Election Board	84,123	78,997	5,126
Insurance	1,080,000	417,206	662,794
Charity	6,000	-	6,000
Emergency Management	63,487	45,487	18,000
Planning and Zoning	18,000	2,634	15,366
Flood Planning	18,000	364	17,636
Sales & Use Tax Reserves	1,500,000	-	1,500,000
Ad Valorem Reserves	1,500,000	-	1,500,000
County Audit Budget Account	32,242	32,242	-
Public Health	1,000	-	1,000
Tick Eradication	5,000	2,400	2,600
South Western Oklahoma Development Authority (SWODA)	5,000	606	4,394
Total Expenditures, Budgetary Basis	8,063,255	2,763,069	5,300,186
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	7,326,057	\$ 7,326,057
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		148,362	
Add: Current Year Reserves		44,419	
Ending Cash Balance		\$ 7,518,838	

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, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:						
Resale Property	\$ 35,023	\$ 7,867	\$ -	\$ -	\$ 17,086	\$ 25,804
Treasurer Mortgage Tax Certification Fee	6,581	861	-	-	550	6,892
County Clerk Lien Fee	482,500	83,080	-	-	24,505	541,075
County Clerk Records Preservation Fee	228,574	35,265	-	-	11,148	252,691
Assessor Revolving	42,672	11,658	-	-	5,380	48,950
Assessor Visual Inspection	1,769	3	-	-	-	1,772
Sheriff Service Fee	246,710	52,998	-	-	6,880	292,828
Sheriff Prisoner Revolving	162,197	131,965	-	-	122,278	171,884
Sheriff Forfeiture	527	586	-	-	-	1,113
Courthouse Security	8,447	6,812	-	-	-	15,259
Reward Fund	10	-	-	-	-	10
CBRIF 105	29,439	244,054	474,107	220,498	500,256	26,846
CBRIF 105 Savings	572,634	2,030	220,498	472,891	-	322,271
CBRIF 105 First National Bank Savings	226,263	1,281	-	1,216	-	226,328
911 Dispatch	9,074	22,008	-	-	24,734	6,348
Combined Total - Remaining Aggregate Funds	\$ 2,052,420	\$ 600,468	\$ 694,605	\$ 694,605	\$ 712,817	\$ 1,940,071

**ROGER MILLS COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Budgetary Schedules

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.

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 Records Preservation Fee – accounts for fees collected for instruments filed with the County Clerk's office 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 operations of the Sheriff's department.

**ROGER MILLS COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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 – accounts for CBRIF monies 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 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.

911 Dispatch – accounts for payments to the call center, including landlines and cell phones. The account is under the direction of Roger Mills County Sheriff to pay dispatchers.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Grant			
Schools and Roads - Grants to Counties	10.666	N/A	\$ 421,282
Total U.S. Department of Agriculture			<u>421,282</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant			
Payment in Lieu of Taxes	15.226	N/A	10,302
Total U.S. Department of Interior			<u>10,302</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA4109	258,197
Total U.S. Department of Homeland Security			<u>258,197</u>
Total Expenditures of Federal Awards			<u>\$ 689,781</u>

ROGER MILLS COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Independent Auditor's 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, in accordance with the 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, the combined total—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, 2013, which comprises Roger Mills County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 16, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than 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, 2013, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Roger Mills County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Roger Mills County's internal control. Accordingly, we do not express an opinion on the effectiveness of Roger Mills County's internal control.

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. 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.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roger Mills County's financial statement is free from 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 matter 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 2013-1.

We noted certain matters regarding statutory compliance 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 this report.

Roger Mills County's Responses to Findings

Roger Mills County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Roger Mills County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

November 16, 2015



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 for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

TO THE OFFICERS OF
ROGER MILLS COUNTY, OKLAHOMA

Report on Compliance for Each Major Program

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, 2013. 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.

Management's Responsibility

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.

Auditor's Responsibility

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.

Opinion on Each Major Federal Program

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, 2013.

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.

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., section 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", with a stylized, cursive script.

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

November 16, 2015

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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?..... No
- Significant deficiency(ies) identified? Yes

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? No

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

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

Identification of Major Programs

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, 2013**

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 2013-1 – Inadequate Internal Controls and Noncompliance Over Disbursement of County Sales Tax

Condition: Upon inquiry and observation of the recordkeeping process of county sales tax, the following weaknesses were noted:

- Sales tax collections were deposited into the County General Fund and commingled with other sources of revenue.
- Expenditures of sales tax collections were not monitored to ensure they are expended in accordance with the sales tax ballot.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the sales tax disbursements process due to the officials being unaware of the necessity of such procedures.

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

Recommendation: OSAI recommends the sales tax expenditures be monitored and documented as a sales tax expenditure to provide assurance that expenditures are in accordance to the purposes specified by the ballot and outlined by Title 68 O.S. § 1370E and further clarified by Attorney General Opinion 2005 OK AG 23.

Management Response:

County Treasurer, County Clerk, District 1 Commissioner, District 2 Commissioner, and District 3 Commissioner: We will create an account within the County General Fund named County Sales Tax to track and monitor the Sales Tax revenue and expenditures beginning in fiscal year 2015-2016.

Criteria: Title 68 O.S. § 1370E requires the sales tax collections be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Further, AG opinion 2005 OK AG 23 dated 07/13/2005 states:

3. "Proceeds of a county sales tax voted for a specific purpose but placed in the county's general fund must be accounted for as a discrete fund, and any surplus not needed for the stated purpose during one fiscal year must be transferred to the county budget for the next fiscal year, for the same specified purpose."

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Additionally, AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; 68 O.S.2011, § 1370; 19 O.S.Supp.2013, § 339; 19 O.S.2011, § 345; Cavin v. Bd. of County Comm'rs, 1934 OK 245 ¶ 11, 33 P.2d 477, 479.

Finding 2013-2 – Inadequate Internal Controls and Noncompliance Over Bidding Requirements

Condition: The Board of County Commissioners (BOCC) solicited bids for commonly-used goods and services, but the process of accepting bids did not appear to comply with state statutes.

The review of BOCC minutes and the test of 12 month bids reflected the following exceptions in the selection of vendors for commonly used goods bid list:

Bid Number	Bid Open Date	Item(s)	Published Date	Vendor Awarded Bid
2012-1	06/18/2012	Road & Bridge Materials	06/1/2012	All bids were accepted and awarded.
2012-15	03/25/2013	Emulsion, Cut-back & other Asphalt Products	03/07/2013	All bids were accepted and awarded.

Cause of Condition: Policies and Procedures have not been designed and implemented to provide compliance with the state statutes regarding vendor selection for 12 month bids.

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding the awarding of bids. As a result, the County often may not have obtained the best prices for road projects or for materials purchased from the commonly-used goods bid lists.

Recommendation: OSAI recommends the County discontinue its practice of accepting and awarding all bids for services or for commonly-used goods and award the contract to the lowest and best bidder. Additionally, County officials should clearly document the reason for not awarding a bid to the lowest bidder. Further, the County should comply with Title 19 O.S. § 1505(B), which requires that counties award bids to the lowest and best bidders.

Management Response:

County Clerk: I will advise the County Commissioners of the bidding requirements during bid openings.

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

District 1 Commissioner: I believe that we accept rock bids from one or more vendors because they are native material and use more than one vendor due to cost efficiency for a specific area in my District.

District 2 Commissioner and District 3 Commissioner: We believe we are doing things in the most cost efficient manner. However, we will start complying with state statutes regarding bidding procedures.

Criteria: Best business practices would include soliciting bids from vendors with the goal of obtaining quality goods and/or services for the best price.

When counties purchase “needed or commonly [-] used supplies, materials, [or] equipment,” 19 O.S. § 1505(B) requires the counties to solicit bids, compare them to the state contract price for the items, and select “the lowest and best bid based upon, if applicable, the availability of material and transportation cost to the job site within 30 days,” specifying the reason “any time the lowest bid was not considered to be the lowest and best bid.”

Title 19 O.S. § 1501(A)(3)(j), allows counties to accept all bids only for processed native materials for road and bridge improvements.

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

No matters were reported.

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 2013-3 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory (Repeat Finding)

Condition: Based upon inquiry of County officers and employees, and observation of the fixed assets inventory, the following weaknesses were noted for the District 2 County Commissioner and the County Sheriff:

- The District 2 County Commissioner did not maintain evidence of an annual inventory being performed.
- The County Sheriff did not mark any of the inventory items with a county identification number.

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cause of Condition: Policies and procedures have not been designed and implemented to provide for accurate inventory records and the safeguarding of fixed assets.

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

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 1502 by performing an annual inventory with audit evidence of the annual inventory being taken, retained, and marking assets with county identification numbers.

Management Response:

District 2 Commissioner: We will start keeping the verification of the annual inventory performed.

County Sheriff: We will ensure all inventory has county identification numbers.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls 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 acquisition, use or disposition of fixed assets inventory.

Title 19 O.S. § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming into the custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased or let where authorized by statute, junked, strayed or stolen, and annually thereafter, or oftener in event of death, resignation or removal of an elective officer with a term, to verify or cause to be verified by count and report of the same as of the end of a term of office and as part and parcel of the accounting required by law of a retiring or re-elected officer, and, as to appointive heads of departments amenable directly to the board of county commissioners and as to quasi-governmental boards and commissions such as free fair boards, hospital boards and the like, the same shall be as of the last business day immediately preceding the day certain commencing a new term of the board of county commissioners; all in the manner as provided by law."

Additionally, Title 19 O.S. § 1502 states:

"A. 1. The board of county commissioners or a designated employee shall:

a. prescribe a uniform identification system for all supplies, materials and equipment of a county used in the construction and maintenance of roads and bridges, and

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

b. create and administer an inventory system for all:

- (1) equipment of a county having an original cost of Five Hundred Dollars (\$500.00) or more for use in the construction and maintenance of roads and bridges, and
- (2) supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more for use in the construction and maintenance of roads and bridges.

Such person shall be the county road and bridge inventory officer.

B. The board of county commissioners shall:

1. Prescribe a uniform identification system for all supplies, materials, equipment and information technology and telecommunication goods of a county not used in the construction and maintenance of roads and bridges; and

2. Create and administer an inventory system for all:

- a. equipment, information technology and telecommunication goods of a county having an original cost of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges, and
- b. supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges.

The board of county commissioners may designate an employee of that office to administer such inventory system.”

Finding 2013-4 – Inadequate Segregation of Duties Over Court Fund Expenditures (Repeat Finding)

Condition: Upon inquiry of Court Clerk personnel and observation of the Court Fund expenditure process, the following internal control weaknesses were noted:

The Court Clerk:

- Prepares the Court Fund claims.
- Initiates payment.
- Prints and signs vouchers.
- Mails or delivers payments to vendors.
- Reconciles the monthly report with the County Treasurer’s report.

Cause of Condition: Policies and procedures have not been designed and implemented to adequately segregate the duties over the Court Fund expenditure process.

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, undetected errors, or misappropriation of funds not being detected in a timely manner.

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

**ROGER MILLS COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Management Response:

Court Clerk: The Court Clerk will prepare the claim and a deputy will prepare and print the voucher for payment.

Criteria: Accountability and stewardship are overall goals of management in 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 transaction.

**ROGER MILLS COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2012-10 – County Wide Controls Over Major Program - Schools and Roads – Grants to Counties (Repeat Finding)

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: 2012

Control Category: Activities Allowed or Unallowed; Cash Management;

Questioned Costs: \$-0-

Finding Summary: County-wide controls regarding Risk Management and Monitoring have not been designed.

Status: The County has corrected this finding for fiscal year 2013.



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