

COUNTY AUDIT

WASHINGTON COUNTY

For the fiscal year ended June 30, 2009



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



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

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

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

December 4, 2012

TO THE CITIZENS OF
WASHINGTON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washington County, Oklahoma for the fiscal year ended June 30, 2009. 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 opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink, reading "Gary A. Jones".

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

**WASHINGTON COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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FINANCIAL SECTION

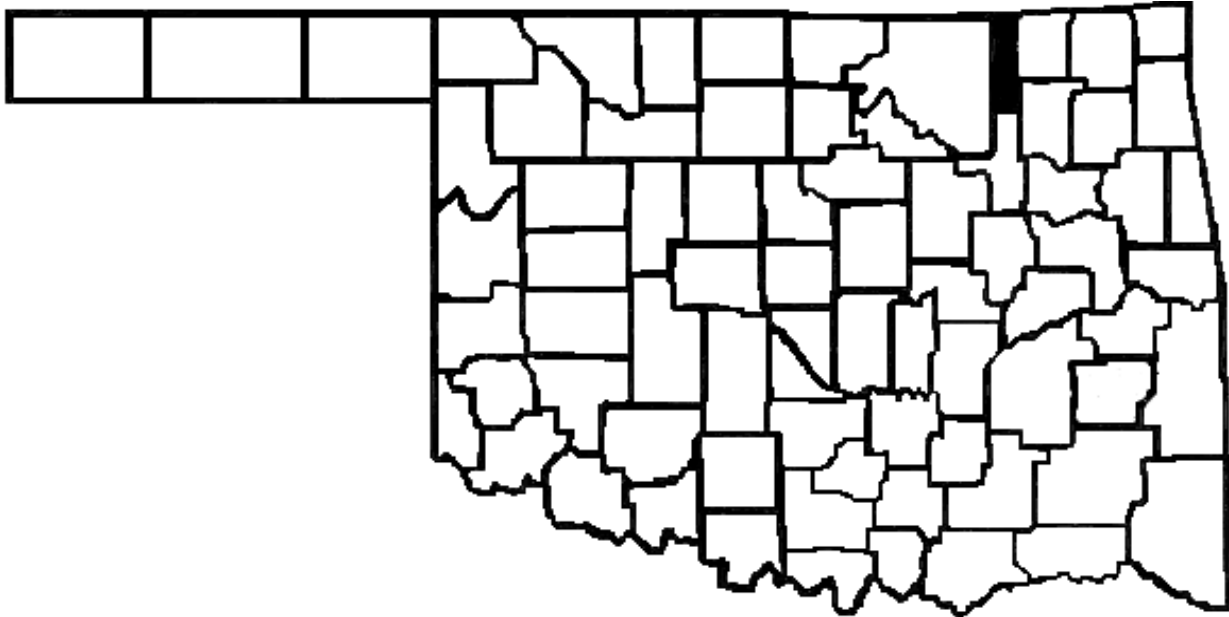
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INTRODUCTORY SECTION
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**WASHINGTON COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



Originally a part of the Cherokee Nation, Indian Territory, Washington County was created at statehood and named for President George Washington.

Bartlesville, the county seat, was the first oil-boom in Indian Territory. George B. Keeler, local fur trader, knew of the existence of oil in this area as early as 1875, but lacked the financial support and tribal permission necessary to exploit his discovery. It was not until April 15, 1897, that the No. 1 Nellie Johnstone, the first commercial oil well in Oklahoma, was brought in by the Cudahy Oil Company. W.W. “Bill” Keeler, grandson of George, eventually became head of Phillips Petroleum Company and chief of the Cherokee Nation.

Home of the Phillips Petroleum Company, Bartlesville is also the site of the Frank Phillips Home, the restored twenty-six room mansion of the founder of Phillips Petroleum.

Dewey, the first town in Oklahoma to have electric lights, waterworks, and a telephone line, is the site of the Tom Mix Museum. Mix, one-time deputy sheriff and night marshal in Dewey, was an early-day silent film star.

The Bartlesville Historical commission published two volumes of *History of Washington County* by Margaret Teague. For more information, call the county clerk’s office at 918-337-2840.

County Seat – Bartlesville

Area – 424.15 Square Miles

County Population – 49,888 (2007 est.)

Farms – 853

Land in Farms – 226,568 Acres

Primary Source: Oklahoma Almanac 2009-2010

**WASHINGTON COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Board of County Commissioners

District 1 – Gary Deckard
District 2 – Linda Herndon
District 3 – Mike Dunlap

County Assessor

Todd Mathes

County Clerk

Marjorie Parrish

County Sheriff

Rick Silver

County Treasurer

Brad Johnson

Court Clerk

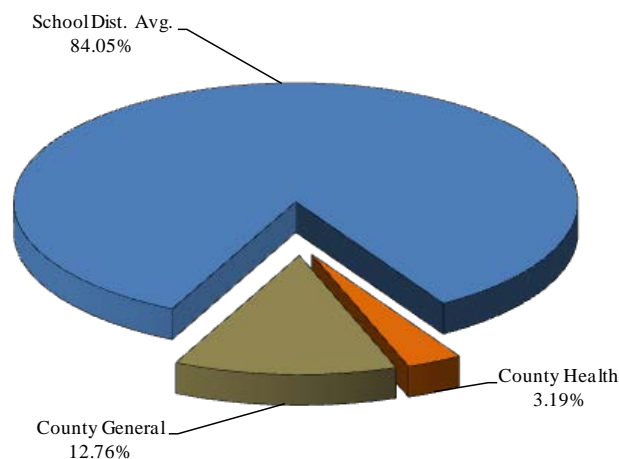
Martha Mersch

District Attorney

Frederick Esser

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

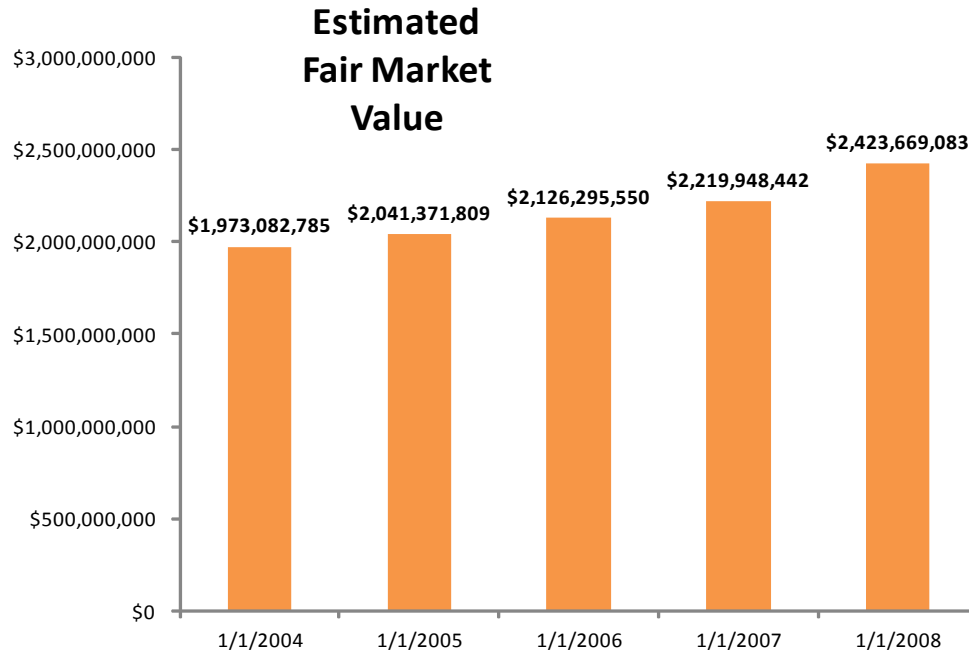
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages		School District Millages							
							Career		
County General	10.00			Gen.	Bldg.	Skg.	Tech	Common	Total
County Health	2.50	Copan	I-4	35.00	5.00	15.62	15.00	4.00	74.62
		Dewey	I-7	35.00	5.00	11.79	15.00	4.00	70.79
		Caney Valley	I-18	35.00	5.00	6.13	15.00	4.00	65.13
		Bartlesville	I-30	35.00	5.00	20.44	15.00	4.00	79.44
		Nowata	J-3	35.00	5.00	19.43	15.00	4.00	78.43
		Tulsa Co. Collinsville	J-6	35.00	5.00	22.13	13.00	4.00	79.13
		Tulsa Co. Skiatook	J-7	35.00	5.00	22.59	13.00	4.00	79.59
		Osage Co. Avant	J-35	35.00	5.00	14.55	15.00	4.00	73.55

**WASHINGTON COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
TREND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

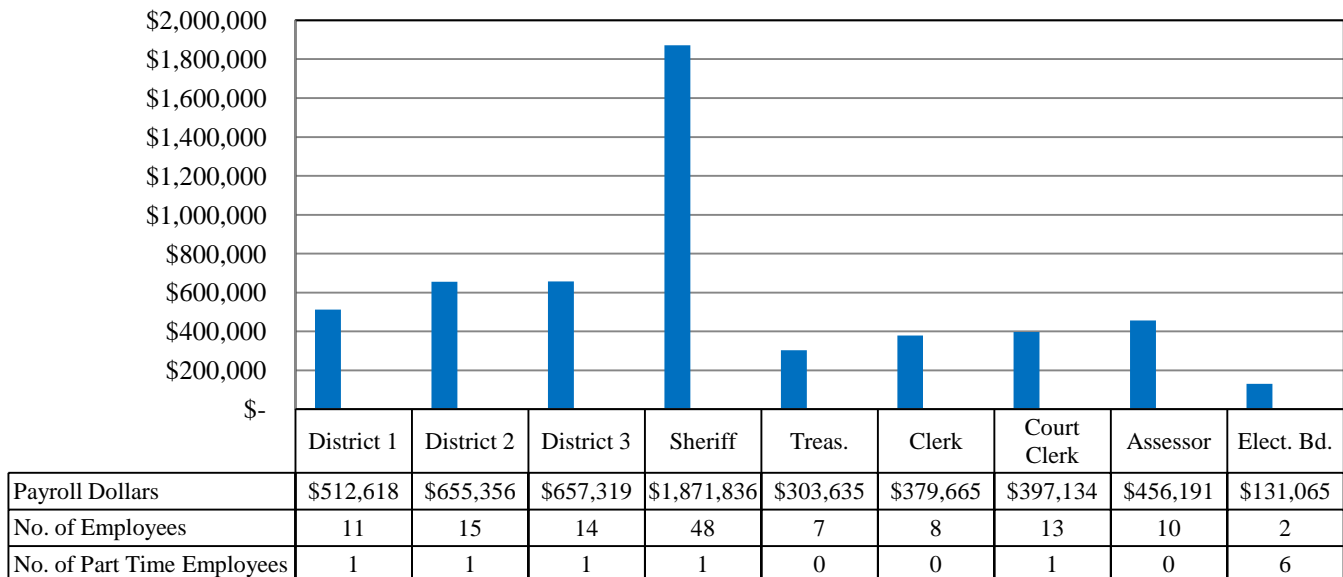
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2008	\$49,644,580	\$22,677,771	\$232,659,935	\$14,141,996	\$290,840,290	\$2,423,669,083
1/1/2007	\$43,279,433	\$22,510,814	\$214,469,998	\$13,866,432	\$266,393,813	\$2,219,948,442
1/1/2006	\$38,730,941	\$26,491,314	\$203,823,217	\$13,890,006	\$255,155,466	\$2,126,295,550
1/1/2005	\$36,511,152	\$25,335,096	\$196,296,395	\$13,178,026	\$244,964,617	\$2,041,371,809
1/1/2004	\$33,010,429	\$23,063,239	\$187,877,517	\$13,181,240	\$230,769,945	\$1,973,082,785



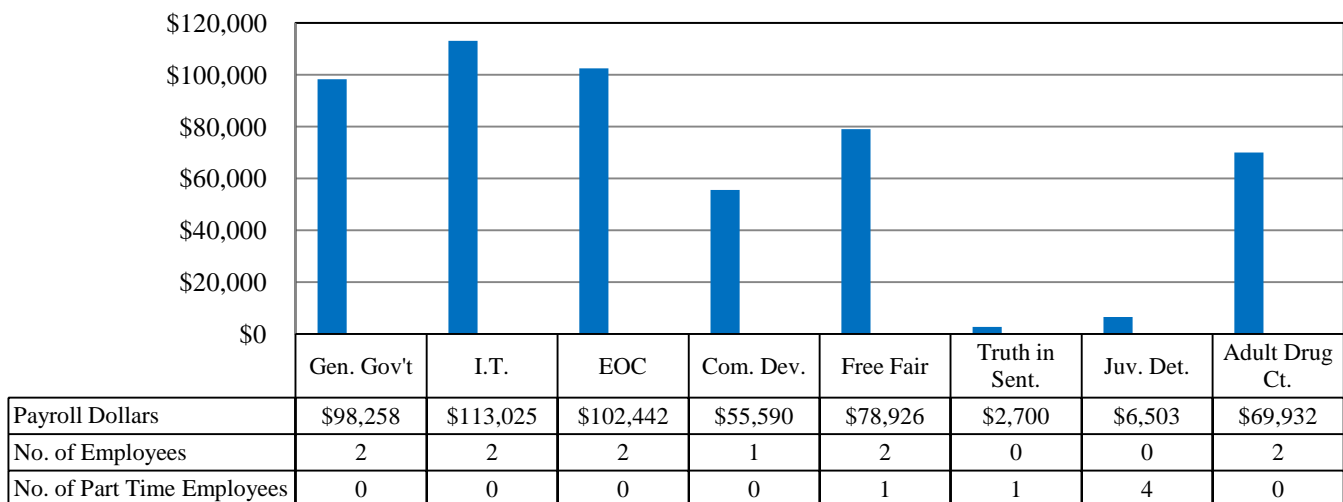
**WASHINGTON COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009.

Payroll Expenditures by Department



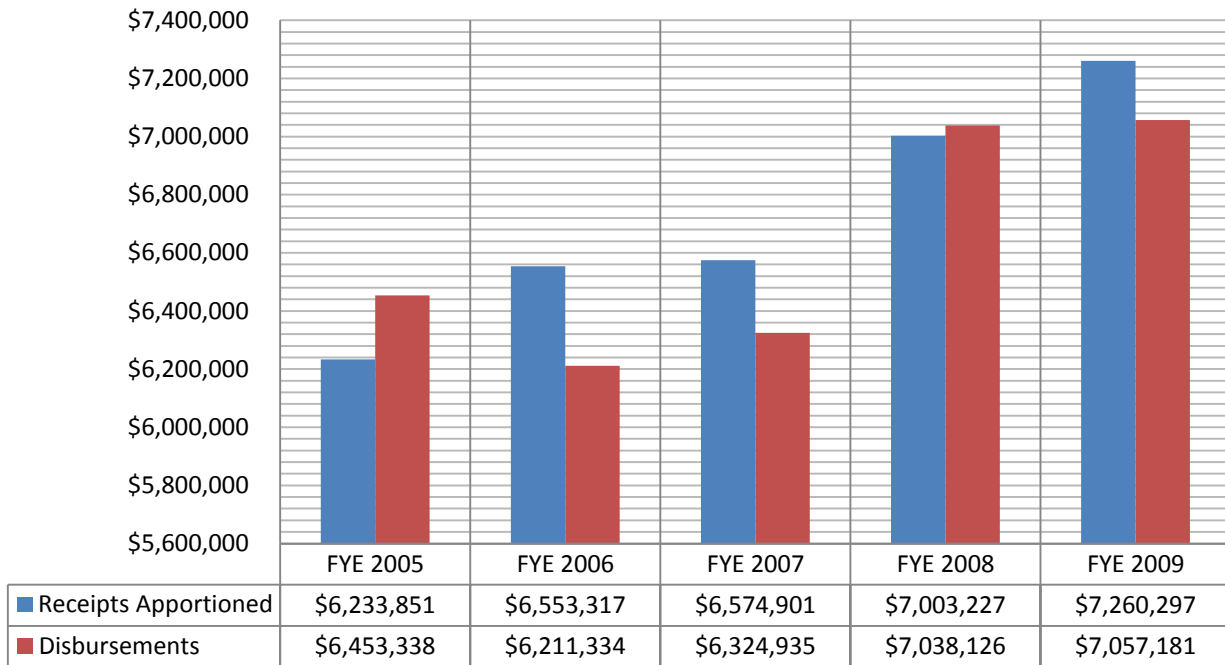
Payroll Expenditures by Department



**WASHINGTON COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

County General Fund

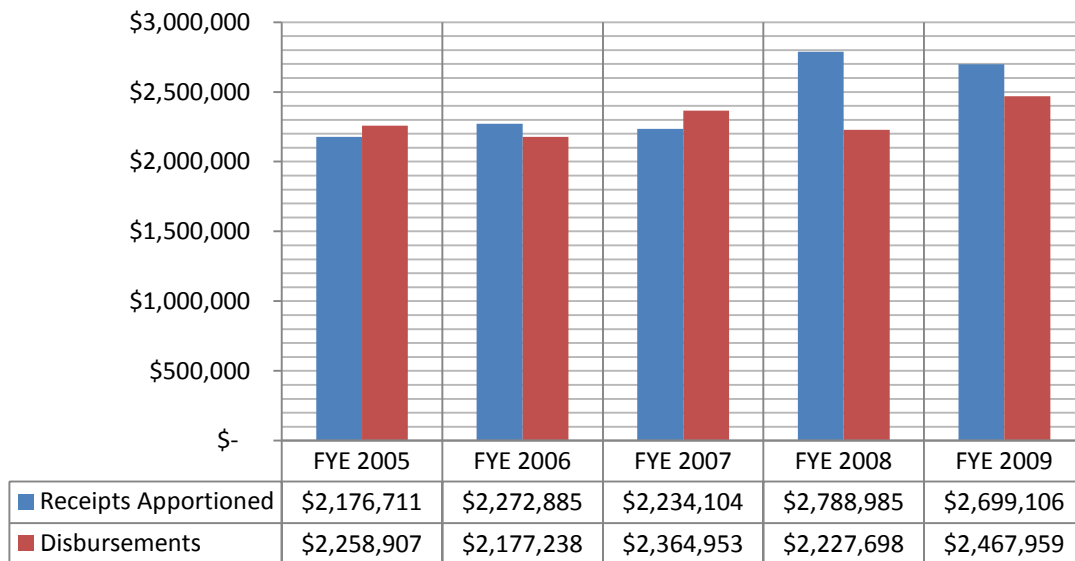
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the County's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also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



**WASHINGTON COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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Independent Auditor's Report

TO THE OFFICERS OF
WASHINGTON COUNTY, OKLAHOMA

We were engaged to audit the financial statements of Washington County, Oklahoma, as of and for the year ended June 30, 2009. The financial statements are the responsibility of Washington County's management.

The County did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America and in accordance with state law.

Since Washington County did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America and in accordance with state law, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, on our consideration of Washington 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.

The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion of it.

A handwritten signature in blue ink, reading "Gary A. Jones", is positioned above the printed name.

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

November 29, 2012

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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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
WASHINGTON COUNTY, OKLAHOMA

We were engaged to audit the financial statements of Washington County, Oklahoma, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 29, 2012. We did not express an opinion on the financial statements because the County did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America. We were engaged to conduct 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 Washington County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Washington County's internal control over financial reporting.

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

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 deficiency in internal control described in the accompanying schedule of findings and responses to be a material weakness in internal control over financial reporting. 2009-1

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. 2009-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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 responses as item 2009-1.

Washington County's response to the finding identified in our audit is described in the accompanying schedule of finding and responses. We did not audit Washington County's response and, accordingly, we express no opinion on the response.

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a long horizontal flourish extending to the right.

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

November 29, 2012

**WASHINGTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Finding 2009-1 – Financial Statements

Condition: The County has voluntarily adopted the County Budget Act and established uniform and sound fiscal procedures for the preparation, adoption, execution, and control of the County budget by cooperation of all elected officials. However, the County does not prepare financial statements, or have internal controls to ensure financial statements are prepared, in conformity with generally accepted accounting principles as provided by the County Budget Act.

Cause of Condition: The County does not have procedures in place to prepare financial statements in conformity with generally accepted accounting principles as provided by the County Budget Act.

Effect of Condition: This condition results in the County not having financial statements and records prepared in conformity with generally accepted accounting principles as required by counties who have adopted the County Budget Act.

Recommendation: OSAI recommends the County prepare financial statements in conformity with generally accepted accounting principles.

Management Response: The statutes have now been changed, whereby the County will receive a regular audit and our documents should be in compliance.

Criteria: For counties who have adopted the County Budget Act per 19 O.S. § 1403, 19 O.S. § 1405 states in part:

The accounting records of each county shall be established and maintained and financial statements prepared therefrom, in conformity with generally accepted accounting principles promulgated from time to time by authoritative bodies in the United States....



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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