

MAYES COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**MAYES COUNTY, OKLAHOMA
FINANCIAL -STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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February 6, 2009

TO THE CITIZENS OF
MAYES COUNTY, OKLAHOMA

Transmitted herewith is the audit of Mayes County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

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

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**MAYES COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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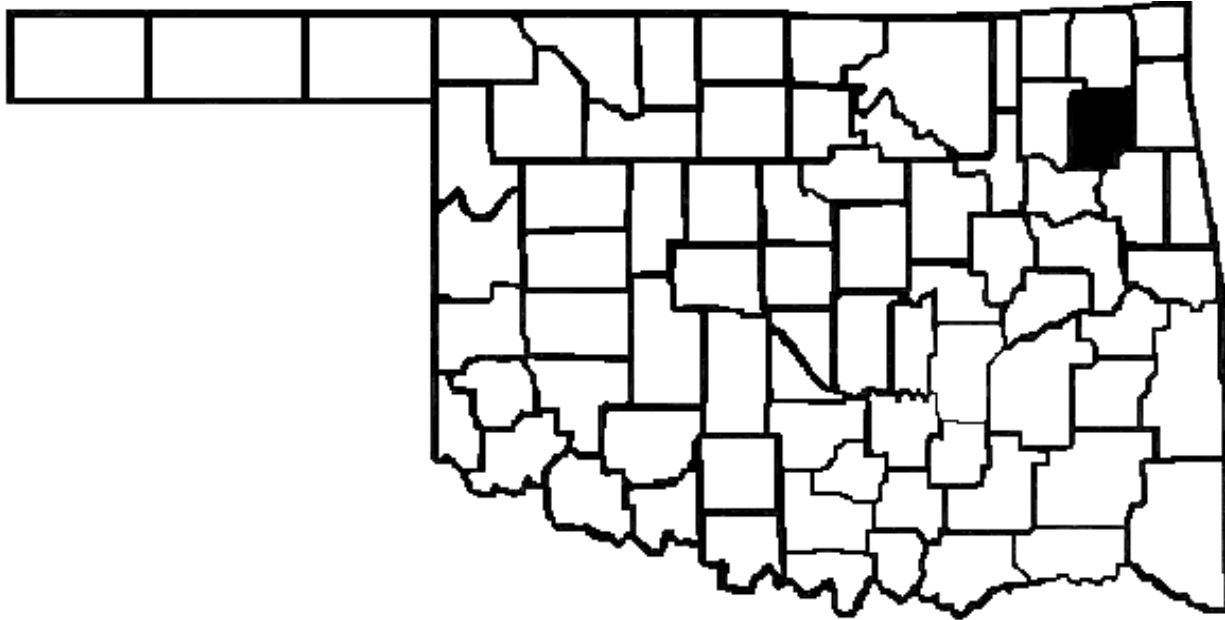
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**MAYES COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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



Created at statehood from lands lying within the Cherokee Nation, Indian Territory, the county was named for Samuel H. Mayes, Cherokee Chief. The first permanent white settlement in Oklahoma was at Salina where the French established a trading post in 1769. Near Mazie is the site of Union Mission, established in 1820 by a Presbyterian missionary to the Osages. The important Texas Trail followed the Grand River through the county, entering the state at the northeast corner and continuing south to the Red River.

Pryor, the county seat, was named for Nathaniel Pryor, a scout with the Lewis and Clark expedition who settled at Pryor's Creek, an Osage trading post a few miles southeast of the present town. Located 44 miles from Tulsa, Pryor is on U.S. 69 and S.H. 20, and is 20 miles from the Arkansas River Navigation Channel. Mid-America Industrial Park, the largest industrial park in the state, has more than 7,000 acres of industrial real estate.

Industry consists of beef production, which ranks number one in the county, and dairying, which ranks third in the state. Major crops are soybeans, hay, sorghum, wheat, and corn.

County Seat – Pryor

Area – 683.51 Square Miles

County Population – 39,274
(2004 est.)

Farms – 1,552

Land in Farms – 302,172 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**MAYES COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COUNTY ASSESSOR
Saundra White

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

COUNTY CLERK
Rita Littlefield

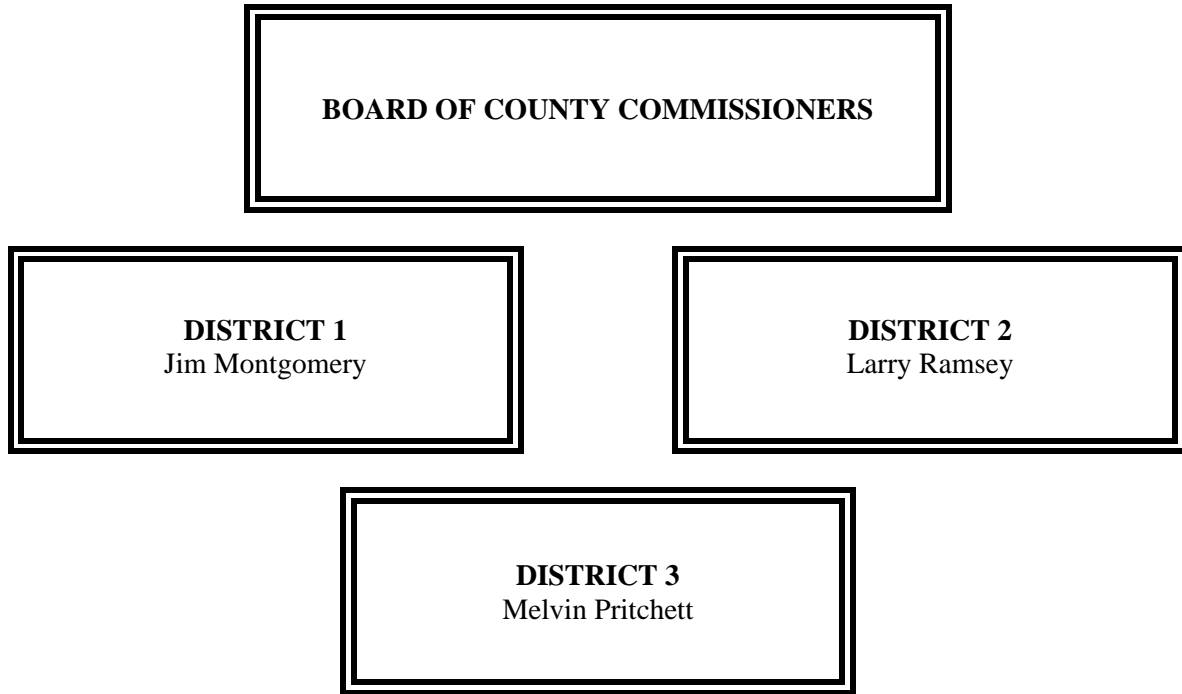
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as “open records.” As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**MAYES COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



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

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

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

See independent auditor's report.

**MAYES COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COUNTY SHERIFF
Frank Cantey

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

COUNTY TREASURER
Martha Carman

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**MAYES COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COURT CLERK
Lori Parsons

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY
Gene Hayes

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**MAYES COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

ELECTION BOARD SECRETARY

Jill McCullah

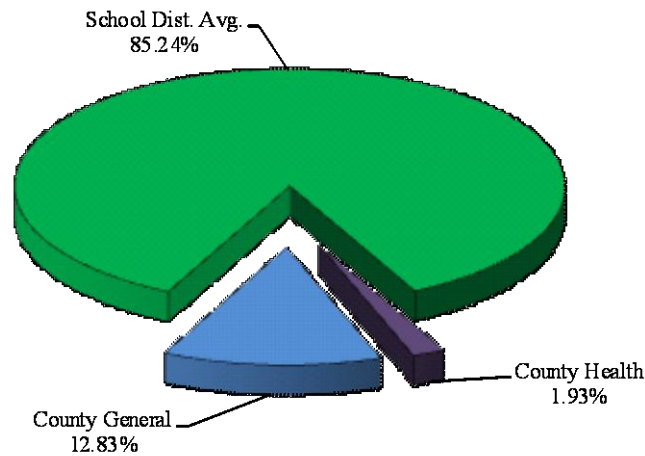
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**MAYES COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	10.33								
County Health	1.55	Pryor	I-1	35.79	5.11	13.65	11.33	4.13	70.01
		Adair	I-2	37.27	5.32	13.07	11.33	4.13	71.12
		Salina	I-16	36.18	5.17	3.40	11.33	4.13	60.21
		Locust Grove	I-17	36.47	5.21	28.70	11.33	4.13	85.84
		Spavinaw	D-21	35.99	5.14		11.33	4.13	56.59
		Chouteau-Mazie	I-23	36.07	5.15	7.48	11.33	4.13	64.16
		Wickliffe	D-35	36.46	5.21		11.33	4.13	57.13
		Osage	D-43	36.73	5.25	11.33	11.33	4.13	68.77
		Chelsea	R-3	37.00	5.29	21.61	11.33	4.13	79.36
		Inola	R-5	38.09	5.44	26.29	11.33	4.13	85.28
		Big Cabin	C-65	37.40	5.34	16.17	11.33	4.13	74.37
		Ketchum	D-6	36.15	5.16	4.61	11.33	4.13	61.38
		Disney	D-1	35.79	5.11	1.56	11.33	4.13	57.92

See independent auditor's report.

**MAYES COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

Total net assessed value as of January 1, 2005		<u>\$ 180,341,601</u>
Debt limit - 5% of total assessed value		9,017,080
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>1</u>	<u>-</u>
Legal debt margin		<u>\$ 9,017,080</u>

See independent auditor's report.

MAYES COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

	<u>2006</u>
Estimated population	<u>39,274</u>
Net assessed value as of January 1, 2005	<u>\$ 180,341,601</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>1</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**MAYES COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2005	\$37,099,700	\$18,687,190	\$134,093,501	\$9,538,790	\$180,341,601	\$1,610,192,866

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF MAYES COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Mayes County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Mayes County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Mayes County as of June 30, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Mayes County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of Mayes County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

December 18, 2008

Basic Financial Statement

MAYES COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:				
County General Fund	\$ 1,737,008	\$ 4,636,122	\$ 4,680,284	\$ 1,692,846
Highway Cash	543,018	2,503,485	2,324,164	722,339
Firefighter Funds Sales Tax	704,088	741,314	655,401	790,001
County Health	255,908	289,677	381,064	164,521
Resale	211,027	152,214	169,445	193,796
Sheriff Service Fees	234,664	348,380	278,021	305,023
Sheriff Revolving	150,264	170,796	167,024	154,036
Treasurer Mortgage Certification Fee	12,045	14,003	18,969	7,079
Sheriff Community Service Sentencing Program	21,179	31,015	2,968	49,226
County Clerk Record Management and Preservation Fee	89,418	46,190	82,158	53,450
County Clerk Lien Fees	31,965	10,603	7,990	34,578
Mayes County Community Sentencing Program	173,481	70,402	60,170	183,713
County Jail Sales Tax Revolving	160,600	397,823	363,840	194,583
Free Fair Improvements	878			878
Grant Fund		2,400	2,400	
COPS Grant	3,006	921	3,926	1
County Sinking		1		1
E-911 Fund	25,900	129,459	122,312	33,047
Assessor Revolving Fund	32,576	8,147	15,205	25,518
Public Facilities Authority Sales Tax	524,768	1,158,134	898,871	784,031
Sheriff Commissary Fund	57,586	95,192	88,352	64,426
Sheriff Trash Cop Fund	792			792
Combined Total--All County Funds	<u>\$ 4,970,171</u>	<u>\$ 10,806,278</u>	<u>\$ 10,322,564</u>	<u>\$ 5,453,885</u>

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

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Mayes County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the funds included as supplementary information within the financial statement:

County General Fund – revenues are from ad valorem taxes, officers' fees, sales tax, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

Firefighter Fund Sales Tax – revenues are from sales tax and various fees charged by local volunteer fire departments. Disbursements are at the direction of those departments.

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

Resale – revenues are from interest and penalties on ad valorem tax collections. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Sheriff Service Fees – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

Treasurer Mortgage Certification Fee – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

Sheriff Community Service Sentencing Program – revenues are from state funds reimbursing the supervision expense of people sentenced to community service.

County Clerk Record Management and Preservation Fee – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

County Clerk Lien Fees – revenues are from a fee charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the Clerk's office.

Mayes County Community Sentencing Program – revenues are from a county sales tax. Disbursements are for the construction of a new jail and courthouse facility.

County Jail Sales Tax Revolving – revenues are from a county sales tax. Disbursements are for the construction of a new jail and courthouse facility.

Free Fair Improvements – an old account that general fund money was inadvertently placed into several years ago. The funds were disbursed to the general fund in fiscal year 2007 to correct the error.

Grant Fund – revenues are from a federal grant. Disbursements are for hazard mitigation.

COPS Grant – revenues are from a federal grant. Disbursements are for payroll of sheriff's officers.

County Sinking – debt service receipts are derived generally from a special ad valorem tax levy.

E-911 Funds – accounts for the collection of fees charged on telephone bills for the County's emergency 911 system. Disbursements are for the expenditures related to providing these services.

Assessor Revolving Fund – revenues are from any and all fees collected by the County Assessor. Disbursements are to maintain electronic databases and geographic information systems in the Assessor's office.

Public Facilities Authority Sales Tax – revenues are from a county sales tax. Disbursements are for payments on revenue bonds.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Sheriff Commissary Fund – revenues are from profits derived from the sale of commissary items to jail inmates. Disbursements are for the operations and improvement of jail facilities.

Sheriff Trash Cops Fund – accounts for grant collections and court clerk may also collect monies as ordered by the judge in court cases. Disbursements are for enforcing trash dumping laws.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including county health departments, 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.

C. Basis of Accounting

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 was under-collateralized at June 30, 2006, in the amount of \$506,528.73.

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated unless approved by the individual officer. Employees, upon completion of working one year for the County, shall receive 10 days vacation per calendar year. Upon completion of 5 years of service with the County, employees will receive 15 days per calendar year, and after completion of 15 years, employees will receive 20 days per calendar year.

Employees are given 10 days sick leave per calendar year. Employees shall be allowed to accumulate up to 60 days sick leave. Sick leave is not a paid benefit and is not payable upon cessation of employment with the County.

Employees will be allowed to donate accrued leave at their discretion to other employees requiring serious medical attention resulting in loss of income. Donation and receipt of time must receive prior approval of all officers involved.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2005, was approximately \$180,341,601.

The County levied 10.33 mills (the legal maximum) for general fund operations and 1.55 mills for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2006, were approximately 93.75 percent of the tax levy.

3. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers Liability • Vehicle Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$25,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate workers' compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

6. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004, were \$375,030, \$287,133, and \$295,871, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

8. Contingent Liabilities

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

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

9. Sales Tax

On December 3, 1985, Mayes County voters approved a sales tax of one-quarter of one percent (1/4%) on a permanent basis. The revenue from the sales tax is designated in trust for the establishment and operation of an ambulance service for the people of Mayes County.

In addition, on December 3, 1985, a sales tax of three-eighths of one percent (3/8%) was approved on a permanent basis for allocation specifically for the construction, maintenance and improvement of the road system of Mayes County.

On November 5, 2002, voters approved a one-quarter of one percent (1/4%) sales tax on a permanent basis to be divided equally between fourteen fire departments in Mayes County, Oklahoma.

The citizens of Mayes County approved a three-eighths of one percent (3/8%) sales tax on February 12, 2002, to replace the previous three-eighths of one percent (3/8%) sales tax used to pay the indebtedness incurred to construct and equip the jail facility, previously approved by voters on October 14, 1997. The proceeds are used to pay the debt service on bonds or notes issued by the Mayes County Public Facilities Authority to acquire, construct, and equip the new courthouse facility. The sales tax terminates at the earliest possible date the revenues are sufficient to retire said bonds or notes.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

10. Restatement Prior Year Ending Balance

Due to the reclassification of funds for the fiscal year ending June 30, 2005, the ending balance as reported is different than the June 30, 2006, beginning balance. The difference is due to two funds reported as trust and agency funds that should have been county funds, resulting in an increase of \$26,778.01. The County Sinking Fund was reduced by \$2,940, when it was determined that these funds were actually the sinking funds for the City of Disney.

Prior Year Ending as Reported	\$4,946,333
Funds Moved to County Funds	26,778
Sinking Fund Reduction	<u>(2,940)</u>
Prior Year Ending Balance as Restated	\$4,970,171

OTHER SUPPLEMENTARY INFORMATION

MAYES 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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,737,885	\$ 1,737,885	\$ 1,737,008	\$ (877)
Less: Prior Year Outstanding Warrants	(148,480)	(148,480)	(148,431)	49
Less: Prior Year Encumbrances	(220,158)	(220,158)	(188,132)	32,026
Beginning Cash Balances, Budgetary Basis	1,369,247	1,369,247	1,400,445	31,198
Receipts:				
Ad Valorem Taxes	1,693,571	1,693,571	1,801,828	108,257
Sales Tax	1,508,493	1,508,493	1,818,713	310,220
Charges for Services	183,865	183,865	227,756	43,891
Intergovernmental Revenues	456,122	456,122	601,989	145,867
Miscellaneous Revenues	73,589	150,331	185,836	35,505
Total Receipts, Budgetary Basis	3,915,640	3,992,382	4,636,122	643,740
Expenditures:				
County Sheriff	780,761	780,761	777,610	3,151
Total County Sheriff	780,761	780,761	777,610	3,151
County Treasurer	112,796	122,796	119,973	2,823
Total County Treasurer	112,796	122,796	119,973	2,823
County Commissioners	164,890	163,576	160,253	3,323
Capital Outlay	1,500	1,500		1,500
Total County Commissioners	166,390	165,076	160,253	4,823
OSU Extension	19,359	17,359	17,350	9
Capital Outlay	6,870	8,870	8,870	
Total OSU Extension	26,229	26,229	26,220	9
County Clerk	191,288	193,368	187,511	5,857
Capital Outlay	5,000	3,000	594	2,406
Total County Clerk	196,288	196,368	188,105	8,263
County Assessor	121,996	121,996	118,849	3,147
Total County Assessor	121,996	121,996	118,849	3,147

continued on next page

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

MAYES 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, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	\$ 140,792	\$ 140,792	\$ 136,931	\$ 3,861
Total Court Clerk	140,792	140,792	136,931	3,861
Revaluation of Real Property	211,653	211,653	208,421	3,232
Capital Outlay	10,000	10,000	8,300	1,700
Total Revaluation of Real Property	221,653	221,653	216,721	4,932
General Government	324,218	340,495	315,560	24,935
Capital Outlay	149,572	161,378		161,378
Total General Government	473,790	501,873	315,560	186,313
Excise-Equalization Board	3,500	3,500	2,678	822
Total Excise-Equalization Board	3,500	3,500	2,678	822
County Election Board	74,917	76,962	65,926	11,036
Capital Outlay	1,000	1,000	955	45
Total Election Board	75,917	77,962	66,881	11,081
Insurance	617,802	618,739	542,070	76,669
Total Insurance	617,802	618,739	542,070	76,669
Purchasing Agent	28,996	28,996	23,295	5,701
Total Purchasing Agent	28,996	28,996	23,295	5,701
Charity	300	300	300	
Total Charity	300	300	300	-
Recording Account	8,400	8,400	7,924	476
Total County Assessor	8,400	8,400	7,924	476

continued on next page

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

MAYES 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, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
MESTA	680,785	680,785	680,785	
Total MESTA	680,785	680,785	680,785	-
Free Fair	35,138	36,400	31,499	4,901
Total Free Fair	35,138	36,400	31,499	4,901
Highway Budget	1,575,320	1,610,969	1,285,341	325,628
Total Highway Budget	1,575,320	1,610,969	1,285,341	325,628
County Audit Budget	18,034	18,034		18,034
Total Audit Budget	18,034	18,034	-	18,034
Total Expenditures, Budgetary Basis	5,284,887	5,361,629	4,700,995	660,634
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,335,572	\$ 1,335,572
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			178,782	
Add: Current Year Outstanding Warrants			178,492	
Ending Cash Balance			<u>\$ 1,692,846</u>	

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

MAYES COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 255,908	\$ 255,908	\$ 255,908	\$ -
Less: Prior Year Outstanding Warrants	(43,886)	(43,886)	(43,886)	
Less: Prior Year Encumbrances	(22,904)	(22,904)	(22,904)	
Plus: Prior Year Lapsed			2,496	2,496
Plus: Estopped Warrants			50	50
Beginning Cash Balances, Budgetary Basis	189,118	189,118	191,664	2,546
Receipts:				
Ad Valorem Taxes	254,117	267,850	270,361	2,511
Charges for Services			13,754	13,754
Intergovernmental	2,736	2,736	5,562	2,826
Total Receipts, Budgetary Basis	256,853	270,586	289,677	19,091
Expenditures:				
Health and Welfare	405,971	419,704	318,001	101,703
Capital Outlay	40,000	40,000	7,700	32,300
Total Expenditures, Budgetary Basis	445,971	459,704	325,701	134,003
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	155,640	\$ 155,640
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			8,680	
Add: Current Year Outstanding Warrants			201	
Ending Cash Balance			\$ 164,521	

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

MAYES COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Beginning Cash Balance	<u>\$ -</u>
Receipts:	
Miscellaneous	<u>1</u>
Total Receipts	<u>1</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 1</u></u>

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

MAYES COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

1. Budgetary Schedules

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

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

2. Sinking Fund Schedule

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

INTERNAL CONTROL AND COMPLIANCE SECTION

**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
MAYES COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Mayes County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Mayes County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 18, 2008. 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. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. 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 Mayes County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Mayes County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2006-1, 2006-5, and 2006-6.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2002-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mayes 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2006-2 and 2006-8.

We noted certain matters that we reported to the management of Mayes County, which are included in Section 2 of the schedule of findings and responses contained in this report.

This report is intended solely for the information and use of the County and should not be used 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.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

December 18, 2008

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

SECTION 1 — 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 2006-1 - Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of County personnel and testwork performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within all County offices were not properly segregated to assure adequate internal control structure.

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

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

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-2 - Collateral

Criteria: Title 62 O.S. § 517.4 states, "A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured."

Condition: During our testing of the County's pledged collateral, it was noted that funds deposited in one bank were under-collateralized by \$386,624.89; \$510,953.07 in another bank; \$100,000.00 in another bank; and \$231.33 in still another bank, for a total of \$997,809.29 during the month of December 2005. Then in March 2006, the County was under collateralized \$500,000 in one bank and \$231.33 in another bank. Additionally, at June 30, 2006, the County was under-collateralized \$506,302.48 in one bank and \$226.25 in another bank, for a total of \$506,528.73.

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Effect: This condition could result in the loss of county funds.

Recommendation: OSAI recommends the County Treasurer insure sufficient pledged collateral for funds held in financial institutions to secure the deposits of the public entity as set forth in 62 O.S. § 517.4. OSAI further recommends the Treasurer be aware of the amounts invested in the individual banks, record investments to include interest earned, reconcile investments to bank balances, and record pledged collateral at market value.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-5 – Payroll – New Hires and Terminations

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, written documentation of an employee's termination should be submitted to the payroll clerk.

Condition: The payroll clerk is only verbally notified of any terminations and the effective termination date.

Effect: This condition could result in the misappropriation of assets through unauthorized payments and benefits.

Recommendation: OSAI recommends the payroll clerk be given written notification of all payroll transactions.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-6 – Payroll Affidavits

Criteria: Title 62 O.S. § 304.1 requires the County to prepare a payroll statement and affidavit to be signed by the department head acknowledging that the services were received. The statement should set forth the hours worked, rate of pay, and dates of service for each employee of the respective offices.

Goals of effective internal control are to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, payroll affidavits should be signed by an authorized official prior to issuing the payroll.

Condition: Mayes County is issuing the prior month payroll affidavits to the individual official and department head for payroll updates and changes. The officials or department heads are signing these updated affidavits and returning them to the payroll clerk. The payroll clerk is then making changes to the master payroll files, printing new payroll affidavits, submitting these new affidavits to the BOCC for

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

approval. Payroll warrants are then printed without the officials or department heads reviewing and authorizing the new affidavits as to their completeness and accuracy.

Effect: This condition could result in the misappropriation of assets through unauthorized payroll transactions.

Recommendation: OSAI recommends authorized officials or department heads review and sign the updated payroll affidavits prior to BOCC approval and issuance of payroll.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-8 – Commissary Report

Criteria: According to 19 O.S. § 180.43.A ...“The sheriff shall file an annual report with the board of county commissioners not later than January 15 of each year....”

Condition: The Sheriff did not file an annual report with the Board of County Commissioners.

Effect: Commissary activities are not being properly reported as set forth in 19 O.S § 180.43.

Recommendation: OSAI recommends the Sheriff submit an annual report to the Board of County Commissioners on or before the fifteenth of January of each year.

Views of responsible officials and planned corrective actions: Management chose not to respond.

SECTION 2—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 2006-7 – Inmate Trust Disbursements

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, inmate trust disbursements should be supported by disbursement authorizations, signed by the individual inmates, and all checks written on this account should have two authorizing signatures.

An essential part of internal controls is the performance of a reconciliation of accounting records to bank records. The reconciliation is an important process in ensuring the accuracy of accounting records and ensuring that all monies are accounted for. Supervisory review is an integral part of ensuring that established office policies and procedures are being followed.

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Condition: Based on test work, it appears checks written on the Inmate Trust Account did not have two signatures. Also, it appears no bank reconciliations have been performed of the records of the Inmate Trust Account.

Effect: These conditions could result in unrecorded transactions, undetected errors, and misappropriation of assets. Also, without monthly reconciliations, the Sheriff's office is unable to have a complete and accurate assessment of the monies on hand in the Inmate Trust Account.

Recommendation: OSAI recommends management take steps to ensure that each check has two signatures from authorized personnel to complete the transaction and payment authorizations are completed and signed by the inmate upon release. OSAI further recommends the Sheriff's office perform a monthly reconciliation of the Inmate Trust Account. This reconciliation should be performed by personnel who are separate from the receipting and disbursement functions of the Inmate Trust Account and should be approved by someone other than the preparer.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2006-13 – Inmate Trust Receipts

Criteria: Statutory control requirements have been established for county government for the depositing of funds received. Title 19 O.S. § 531.A. includes that the County Sheriff may establish an Inmate Trust Fund Checking Account and shall deposit all monies collected from inmates incarcerated in the county jail into such checking account.

Title 19 O.S. § 682 states in part, "It shall be the duty of each and every county officer, county board ... to deposit daily... all monies, checks...and charges of every kind received or collected by virtue or under color of office..."

Condition: While performing cash compositions on the Sheriff's Inmate Trust Funds Account, the following was noted:

- Deposits were not made daily. Funds were held as long as three days before being deposited.
- Cash and check composition on receipts did not match the cash and check composition of the deposit on 9/15/05 and 1/17/06, due to mode of payment not being noted on receipt.

Effect: These conditions could result in misappropriation of funds.

Recommendation: OSAI recommends all collections be deposited on a daily basis and the method of payment and the composition of the collection should be accurately reflected on the receipt.

Views of responsible officials and planned corrective actions: Management chose not to respond.



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