

# MAYES COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007

# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

**MAYES COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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February 19, 2009

TO THE CITIZENS OF  
MAYES COUNTY, OKLAHOMA

Transmitted herewith is the audit of Mayes County, Oklahoma, for the fiscal year ended June 30, 2007. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

**MAYES COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**MAYES COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

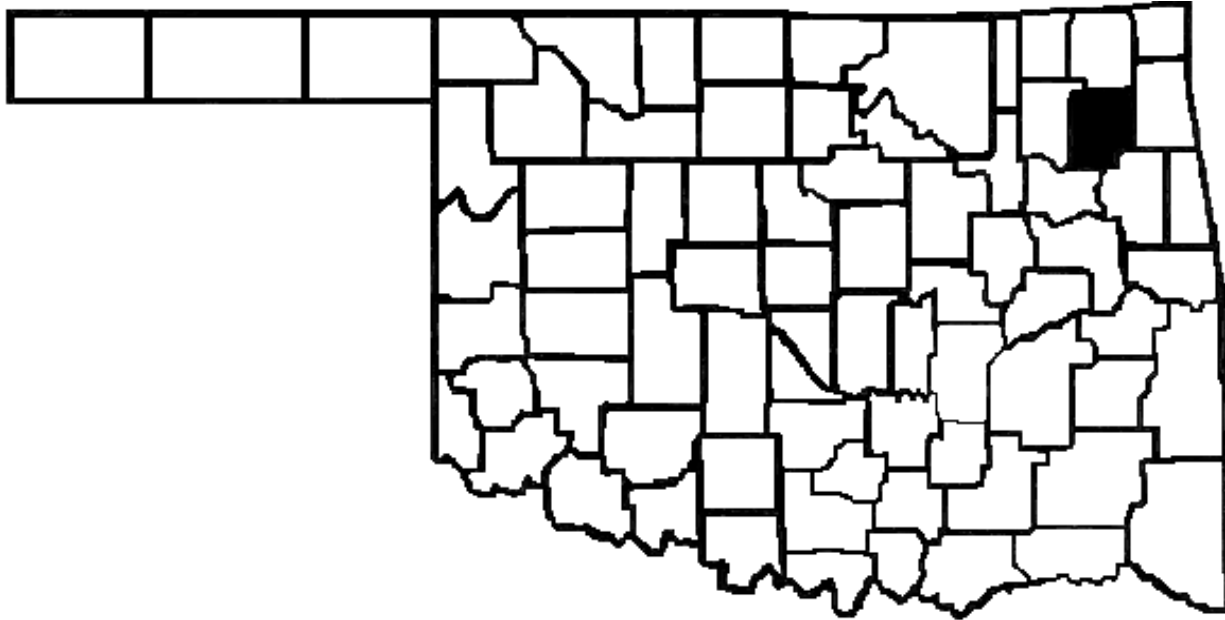
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**REPORT TO THE CITIZENS  
OF  
MAYES COUNTY, OKLAHOMA**

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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 includes 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 – 39,471  
(2005 est.)

Farms – 1,552

Land in Farms – 302,172 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**MAYES COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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.

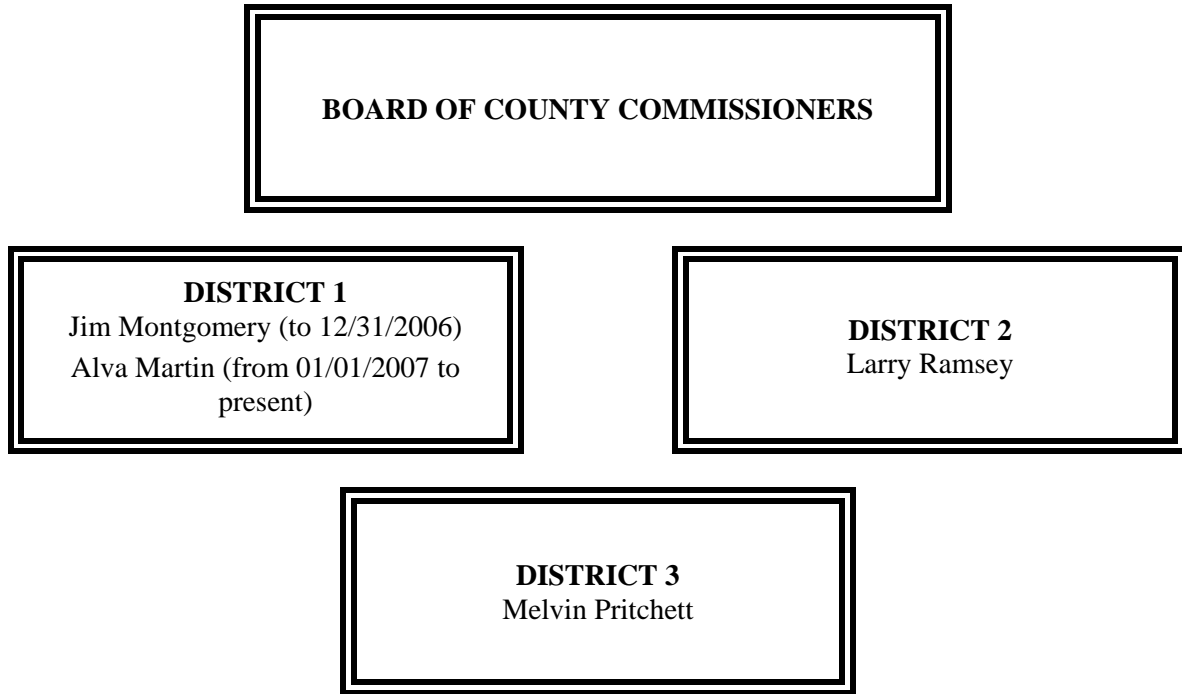
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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, 2007**

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

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

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

See independent auditor's report.

**MAYES COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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, 2007**

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**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 Haynes

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, 2007**

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**ELECTION BOARD SECRETARY**

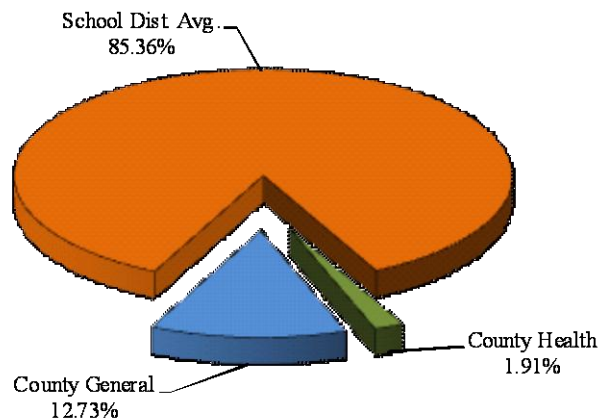
Jill McCullah

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.

**MAYES COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	12.65	11.33	4.13	69.01
		Adair	I-2	37.27	5.32	12.56	11.33	4.13	70.61
		Salina	I-16	36.18	5.17	3.34	11.33	4.13	60.15
		Locust Grove	I-17	36.47	5.21	27.33	11.33	4.13	84.47
		Spavinaw	D-21	35.99	5.14		11.33	4.13	56.59
		Chouteau-Mazie	I-23	36.07	5.15	7.03	11.33	4.13	63.71
		Wickliffe	D-35	36.46	5.21		11.33	4.13	57.13
		Osage	D-43	36.73	5.25	13.69	11.33	4.13	71.13
		Chelsea	R-3	37.00	5.29	18.89	11.33	4.13	76.64
		Inola	R-5	38.09	5.44	25.02	11.33	4.13	84.01
		Big Cabin	C-65	37.40	5.34	16.18	11.33	4.13	74.38
		Ketchum	D-6	36.15	5.16	4.21	11.33	4.13	60.98
		Disney	D-1	35.79	5.11	15.42	11.33	4.13	71.78

See independent auditor's report.

**MAYES COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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Total net assessed value as of January 1, 2006		<u>\$ 191,637,809</u>
Debt limit - 5% of total assessed value		9,581,890
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>1</u>	<u>-</u>
Legal debt margin		<u>\$ 9,581,890</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, 2007**  
**(UNAUDITED)**

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	<u>2007</u>
Estimated population	<u>39,471</u>
Net assessed value as of January 1, 2006	<u>\$ 191,637,809</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, 2007  
(UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$39,519,959	\$18,268,703	\$144,507,451	\$10,658,304	\$191,637,809	\$1,711,051,866

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](http://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, 2007, 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, 2007, 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, 2007, 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, 2007**

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 1,692,846	\$ 4,938,761	\$ 4,856,260	\$ 1,775,347
Highway Cash	722,339	2,668,606	2,348,398	1,042,547
Firefighters Fund Sales Tax	790,001	764,654	635,948	918,707
County Health	164,521	302,886	275,244	192,163
Resale	193,796	150,316	130,149	213,963
Sheriff Service Fee	305,023	357,715	240,130	422,608
Sheriff Revolving	154,036	210,429	156,181	208,284
Treasurer Mortgage Certification Fee	7,079	14,125	11,268	9,936
Sheriff Community Service Sentencing Program	49,226	27,777	6,901	70,102
County Clerk Record Management & Preservation	53,450	46,554	459	99,545
County Clerk Lien Fees	34,578	19,274	2,084	51,768
Mayes County Community Sentencing Program	183,713	71,501	60,151	195,063
County Jail Sales Tax Revolving	194,583	387,231	382,344	199,470
Free Fair Improvements	878		877	1
Great Grant		64,609	47,524	17,085
Grant Fund		2,534	2,534	
COPS Grant	1			1
County Sinking	1			1
E-911 Fund	33,047	262,175	187,122	108,100
Assessor Revolving Fund	25,518	9,309	6,631	28,196
Public Facilities Authority Sales Tax	784,031	1,174,515	961,966	996,580
Sheriff Commissary Fund	64,426	99,020	104,933	58,513
Sheriff Trash Cops Fund	792		792	
<b>Combined Total--All County Funds</b>	<b>\$ 5,453,885</b>	<b>\$ 11,571,991</b>	<b>\$ 10,417,896</b>	<b>\$ 6,607,980</b>

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, 2007**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of 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, officer's 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.

Firefighters 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 collections. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Sheriff Service Fee – 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, 2007**

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

Treasurer's 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 – 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 County Clerk's office.

Mayes County Community Sentencing Program – revenues are from state funds reimbursing the administrative expenses of people sentenced to community service.

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.

Great Grant – revenues are from the federal government. Disbursements were made in conjunction with the Boys and Girls Club for the Gang Resistance Education and Training (G.R.E.A.T) Program.

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

**MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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.

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

Sheriff Trash Cops Fund – accounts for grant collections and the 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.

**MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**E. Cash**

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

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC). The County was under-collateralized at June 30, 2007, in the amount of \$166,360.79.

**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 shall receive 15 days of vacation per calendar year, and after completion of 15 years will receive 20 days per calendar year.

**MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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.

**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, 2006, was approximately \$191,637,809.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.33 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, 2007, were approximately 93.26 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

**MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

**4. Risk Management**

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

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers Liability</li> <li>• Vehicle</li> </ul> Physical Plant <ul style="list-style-type: none"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>	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"> <li>• Employees' Injuries</li> </ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	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.

**MAYES COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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.

**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 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$429,865, \$375,030, and \$287,133, 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

**MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**8. Contingent Liabilities**

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

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 three-eighths of one percent (3/8%) sales tax on February 12, 2005, 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 the 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 county courthouse facility. The sales tax terminates at the earliest possible date that revenues are sufficient to retire said bonds or notes.

## **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, 2007**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,693,723	\$ 1,693,723	\$ 1,692,846	\$ (877)
Less: Prior Year Outstanding Warrants	(178,492)	(178,492)	(178,492)	
Less: Prior Year Encumbrances	(178,782)	(178,782)	(134,375)	44,407
Beginning Cash Balances, Budgetary Basis	1,336,449	1,336,449	1,379,979	43,530
Receipts:				
Ad Valorem Taxes	1,960,018	1,960,018	1,889,962	(70,056)
Sales Tax	1,727,778	1,727,778	1,904,235	176,457
Charges for Services	190,373	190,373	232,049	41,676
Intergovernmental Revenues	476,171	476,171	651,148	174,977
Miscellaneous Revenues	156,741	237,165	261,367	24,202
Total Receipts, Budgetary Basis	4,511,081	4,591,505	4,938,761	347,256
Expenditures:				
County Sheriff	857,517	880,242	870,857	9,385
Total County Sheriff	857,517	880,242	870,857	9,385
County Treasurer	162,126	162,126	154,564	7,562
Total County Treasurer	162,126	162,126	154,564	7,562
OSU Extension	16,300	15,531	15,529	2
Capital Outlay	9,600	10,369	10,369	
Total OSU Extension	25,900	25,900	25,898	2
County Clerk	198,263	207,363	203,922	3,441
Capital Outlay	5,000	5,000		5,000
Total County Clerk	203,263	212,363	203,922	8,441
Court Clerk	149,726	150,089	149,525	564
Total Court Clerk	149,726	150,089	149,525	564
County Assessor	161,326	161,326	153,778	7,548
Total County Assessor	161,326	161,326	153,778	7,548
County Commissioners	176,780	176,780	172,402	4,378
Capital Outlay	3,500	3,500	1,447	2,053
Total County Commissioners	180,280	180,280	173,849	6,431

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, 2007**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	209,257	206,026	174,581	31,445
Capital Outlay	11,700	10,000	7,499	2,501
Total Revaluation of Real Property	220,957	216,026	182,080	33,946
General Government	463,741	486,322	362,445	123,877
Capital Outlay	198,282	198,282		198,282
Total General Government	662,023	684,604	362,445	322,159
Excise-Equalization Board	3,500	3,500	2,500	1,000
Total Excise-Equalization Board	3,500	3,500	2,500	1,000
County Election Board	77,904	82,137	75,166	6,971
Capital Outlay	1,000	1,000		1,000
Total County Election Board	78,904	83,137	75,166	7,971
Insurance	689,199	692,140	614,532	77,608
Total Insurance	689,199	692,140	614,532	77,608
County Purchasing Agent	30,915	41,179	30,400	10,779
Total County Purchasing Agent	30,915	41,179	30,400	10,779
Charity	300	300		300
Total Charity	300	300	-	300
Recording Account	10,400	10,400	10,299	101
Total Recording Account	10,400	10,400	10,299	101
MESTA	815,199	823,699	823,699	
Total MESTA	815,199	823,699	823,699	-
Free Fair	20,223	24,871	23,667	1,204
Total Free Fair	20,223	24,871	23,667	1,204

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, 2007**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
Highway Budget	<u>1,538,536</u>	<u>1,538,536</u>	<u>1,006,126</u>	<u>532,410</u>
Total Highway Budget	<u>1,538,536</u>	<u>1,538,536</u>	<u>1,006,126</u>	<u>532,410</u>
County Audit Budget	<u>37,236</u>	<u>37,236</u>	<u>19,773</u>	<u>17,463</u>
Total County Audit Budget	<u>37,236</u>	<u>37,236</u>	<u>19,773</u>	<u>17,463</u>
 Total Expenditures, Budgetary Basis	 <u>5,847,530</u>	 <u>5,927,954</u>	 <u>4,883,080</u>	 <u>1,044,874</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,435,660	<u>\$ 1,435,660</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			204,008	
Add: Current Year Outstanding Warrants			<u>135,679</u>	
Ending Cash Balance			<u>\$ 1,775,347</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, 2007**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 164,521	\$ 164,521	\$ 164,521	\$ -
Less: Prior Year Outstanding Warrants	(201)	(201)	(201)	
Less: Prior Year Encumbrances	(8,681)	(8,681)	(8,681)	
Plus: Prior Year Lapsed			1,758	
Beginning Cash Balances, Budgetary Basis	<u>155,639</u>	<u>155,639</u>	<u>157,397</u>	<u>1,758</u>
Receipts:				
Ad Valorem Taxes	270,035	282,961	283,585	624
Charges for Services			9,804	9,804
Intergovernmental			9,497	9,497
Total Receipts, Budgetary Basis	<u>270,035</u>	<u>282,961</u>	<u>302,886</u>	<u>19,925</u>
Expenditures:				
Health and Welfare	<u>425,674</u>	<u>438,600</u>	<u>284,838</u>	<u>153,762</u>
Total Expenditures, Budgetary Basis	<u>425,674</u>	<u>438,600</u>	<u>284,838</u>	<u>153,762</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	175,445	<u>\$ 175,445</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			14,701	
Add: Current Year Outstanding Warrants			2,017	
Ending Cash Balance			<u>\$ 192,163</u>	

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, 2007**

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Beginning Cash Balance	<u>\$ 1</u>
Receipts:	<u>                    </u>
Total Receipts	<u>-</u>
Disbursements:	<u>                    </u>
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, 2007**

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund 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**

# 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](http://www.sai.ok.gov)

## **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, 2007, 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 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 the 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-5, and 2007-6 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 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 2007-2 and 2007-8.

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, 2007**

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**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 2007-1 - 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: These conditions 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 2007-2 – Collateral (Repeat Finding)**

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 \$70,811.11 and \$411.00 in another bank, for a total of \$71,222.11 during the month of December 2006. Then in March 2007, the County was under-collateralized \$80,411.91 in one bank and \$598.56 in another bank, for a total of \$81,010.47. Additionally, at June 30, 2007, the County was under-collateralized \$117,611.19 in one bank; \$48,156.12 in another; and \$593.48 in another bank, for a total of \$166,360.79.

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

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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 2007-5 – Payroll – New Hires and Terminations (Repeat Finding)**

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 2007-6 – Payroll Affidavits (Repeat Finding)**

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

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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 2007-8 – Commissary Report (Repeat Finding)**

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 2007-7 – Inmate Trust Disbursements (Repeat Finding)**

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.

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.

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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 2007-13 – Inmate Trust Receipts (Repeat Finding)**

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 6/18/07.

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.

**Finding 2007-15 – Payroll Timesheets**

Criteria: Goals of effective internal control are to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, all timesheets should be approved by a supervisor or elected official.

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Condition: A review of timesheets revealed two Sheriff's office employees were approving their own timesheets.

Effect: This condition could result in undetected errors and improprieties.

Recommendation: OSAI recommends a supervisor or elected official approve all employee timesheets.

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

**Finding 2007-16 – Commissary Inventory**

Criteria: Goals of effective internal control are to demonstrate accountability and stewardship. To help ensure a proper accounting, an inventory of commissary items should be maintained, updated, and reviewed and approved by someone other than the preparer.

Condition: An inventory of items retained in the Sheriff's Commissary is not maintained.

Effect: This condition could result in misappropriation of commissary inventory.

Recommendation: Management should take the necessary steps to ensure that an accurate inventory is maintained for the Sheriff's Commissary.

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



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