

# PAWNEE COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

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

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**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

September 12, 2008

TO THE CITIZENS OF  
PAWNEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Pawnee 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 that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.  
DEPUTY STATE AUDITOR & INSPECTOR

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

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

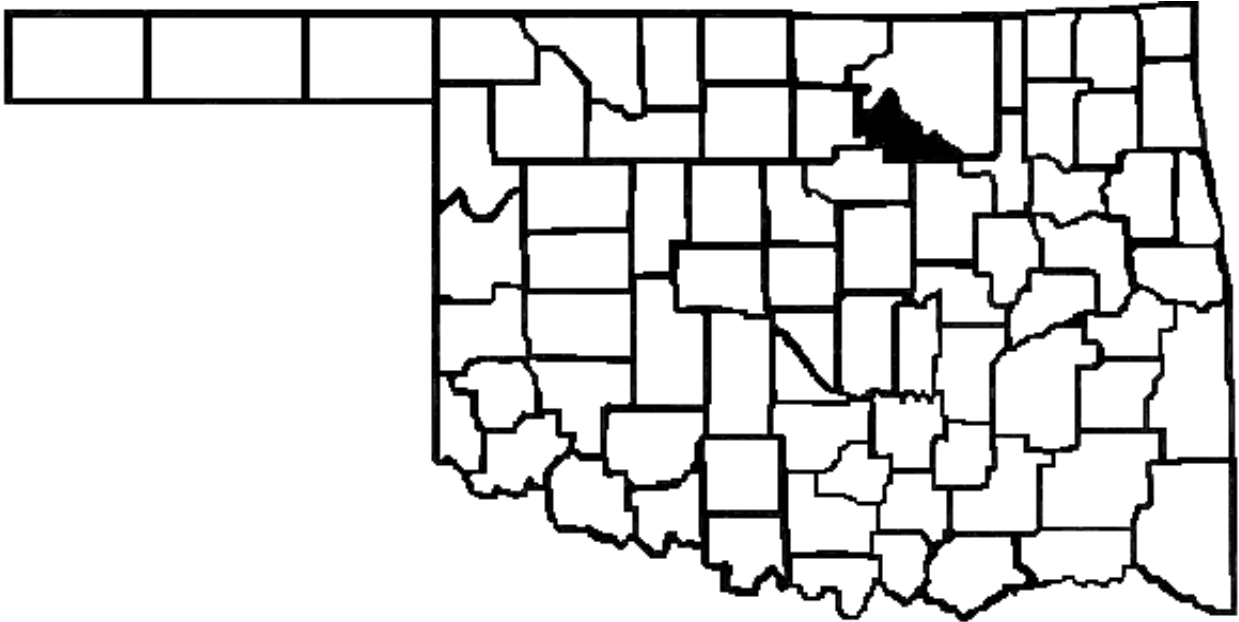
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**REPORT TO THE CITIZENS  
OF  
PAWNEE COUNTY, OKLAHOMA**

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Originally part of the Cherokee Outlet, Pawnee County lies between the Cimarron River on the south and the Arkansas River on the north. The lands were opened to settlement by lottery in 1892, and the County was designated County “Q.” Later the name was changed to honor the Pawnee Indians who located here in the nineteenth century. The County is primarily noted for agriculture and cattle. Today, Keystone Lake and the Pawnee Bill Museum in Pawnee, the County seat, are major tourist attractions along with Lone Chimney Lake south of Pawnee.

County Seat – Pawnee

Area – 594.87 Square Miles

County Population – 16,834  
(2004 est.)

Farms – 826

Land in Farms – 280,768 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor’s report.

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

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**COUNTY ASSESSOR**

Marilyn Swift

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**

Marcelee Welch

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.

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

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**BOARD OF COUNTY COMMISSIONERS**

**DISTRICT 1**

Gary Pogue

**DISTRICT 2**

Joe Allenbaugh

**DISTRICT 3**

Dwight Woodrell, Sr.

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.



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

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**COUNTY SHERIFF**

Roger Price

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**

Anita Jo Harris

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.

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

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**COURT CLERK**

Janet Dallas

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**

Larry D. Stuart

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.

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

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<b>ELECTION BOARD SECRETARY</b>
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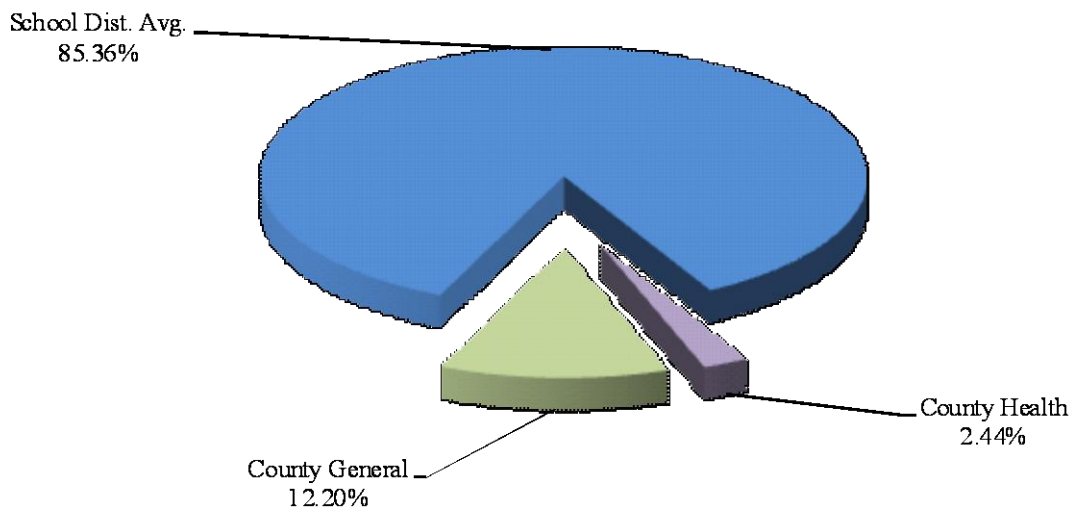
Tonda Miner
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within 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.

**PAWNEE 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							
County General	10.00			Gen.	Bldg.	Skg.	Career-Tech	Common	Total
County Health	2.00	Pawnee (V-16)	I-1	35.00	5.00	10.22	15.00	4.00	69.22
		Cleveland	I-6	35.00	5.00	30.31	13.00	4.00	87.31
		Jennings	O-2	35.00	5.00		13.00	4.00	57.00
		Woodland	Jl-90	35.00	5.00	7.97	7.50	4.00	59.47
		Glencoe (V-16)	Jl-101	35.00	5.00	23.25	15.00	4.00	82.25
		Yale (V-3)	J-103	35.00	5.00	4.93	13.00	4.00	61.93
		Morrison (V-16)	J-6	35.00	5.00	20.07	15.00	4.00	79.07
		Frontier	J-14	35.00	5.00	10.60		4.00	54.60
		Keystone	J-15	35.00	5.00	10.31	13.00	4.00	67.31
		Mannford (V-3)	J-3B	35.00	5.00	20.07	13.00	4.00	77.07

See independent auditor's report.

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

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Total net assessed value as of January 1, 2005		<u><u>\$ 61,739,378</u></u>
Debt limit - 5% of total assessed value		3,086,969
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u><u>\$ 3,086,969</u></u>

See independent auditor's report.

**PAWNEE 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)**

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	<u>2006</u>
Estimated population	<u>16,834</u>
Net assessed value as of January 1, 2005	<u>\$ 61,739,378</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>-</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.

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

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<b>Valuation Date</b>	<b>Personal</b>	<b>Public Service</b>	<b>Real Estate</b>	<b>Homestead Exemption</b>	<b>Net Value</b>	<b>Estimated Fair Market Value</b>
1/1/2005	\$7,263,602	\$14,341,325	\$44,186,630	\$4,052,179	\$61,739,378	\$514,494,817

See independent auditor's report.

## **FINANCIAL SECTION**





**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
PAWNEE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Pawnee 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 Pawnee 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 Pawnee 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 Pawnee 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 August 14, 2008, on our consideration of Pawnee 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 BURRGE, CPA  
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.  
DEPUTY STATE AUDITOR & INSPECTOR

August 14, 2008

## **Basic Financial Statement**

**PAWNEE 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:				
General Fund	\$ 359,982	\$ 1,096,630	\$ 1,128,449	\$ 328,163
Highway Cash	1,169,187	1,978,346	2,174,652	972,881
Sheriff Service Fees	50,284	94,819	76,038	69,065
Resale Property	148,268	69,866	71,080	147,054
County Clerk Lien Fee	8,294	5,042	4,311	9,025
Asset & Forfeiture		5,446	1,225	4,221
County Assessor Visual Inspection	46,638	2,037	5,586	43,089
County Clerk Records Preservation	33,862	20,592	33,819	20,635
Treasurer's Mortgage Cert. Fees	3,521	4,460	4,794	3,187
County Health	123,738	156,191	190,455	89,474
Sheriff Training	1,649	1,270	2,620	299
Hazard Mitigation		10,800	10,800	
Tribal Prisoners	46,201	186,532	64,469	168,264
OG&E Sooner Lake	29,414	10,643	28,593	11,464
Corp of Engineers	7,068	14,952	5,978	16,042
LED3 Sheriff Grant	7			7
LEPC Grant	14,183	734	1,199	13,718
Sales Tax	1,101,801	850,917	796,583	1,156,135
LEBG Sheriff Grant	18			18
EMPG Grant	1,176			1,176
REAP CDBG		45,030		45,030
<b>Combined Total--All County Funds</b>	<b>\$ 3,145,291</b>	<b>\$ 4,554,307</b>	<b>\$ 4,600,651</b>	<b>\$ 3,098,947</b>

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

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

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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 Pawnee 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:

General Fund – revenues are from ad valorem taxes, officers' fees, 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.

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

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

County Clerk Lien Fee – 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.

Asset & Forfeiture – revenues are from the Sheriff's portion of asset seizures sold. Disbursements are for lawful expenditures within the Sheriff's office.

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

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County Assessor Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-valuation of all county properties for ad valorem purposes.

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

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

County Health – revenues are from ad valorem taxes, miscellaneous fees charged by the health department and state and federal funds. Disbursements are for the operation of the county health department.

Sheriff Training – accounts for local collections disbursed to train deputies in public safety procedures.

Hazard Mitigation – accounts for grant monies received from the Department of Civil Emergency Management for projects relating to hazardous materials and mitigating the risk associated with those hazards.

Tribal Prisoners – sheriff's account used for tribal prisoners' housing and travel expenses.

OG&E Sooner Lake – revenues are from OG&E Disbursements are used to pay a deputy's salary.

Corp of Engineers – revenues are from the Corp of Engineers. Disbursements are used to pay a deputy's salary.

LED3 Sheriff Grant – revenues are from a federal grant. Disbursements are for equipment.

LEPC Grant – revenues are from a federal grant. Disbursements are for the mitigation of hazardous materials.

Sales Tax – revenues are from a county sales tax. Disbursements are for general government, highways, and public safety.

LEBG Sheriff Grant – revenues are from a federal grant. Disbursements are for sheriff's office expenses.

EMPG Grant – revenues are from a federal grant. Disbursements are for emergency management expenditures.

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

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REAP CDBG – accounts for federal funds passed through Oklahoma Department of Commerce to be used for the purchase of fire trucks.

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

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).

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

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**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. Employees with service years up to 5 years earn 10 days per year. Employees with service years from 6 to 10 years earn 15 days per year. Employees with service years from 11 to 20 years earn 18 days per year. Employees with service years exceeding 20 years earn 20 days per year. Vacation leave is accrued annually.

Sick leave benefits are accrued at the rate of 4 hours per month and employees may accumulate up to 40 days. Sick leave is not paid upon termination.

**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."



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

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The assessed property value as of January 1, 2005, was approximately \$61,739,378.

The County levied 10.00 mills (the legal maximum) for general fund operations and 2 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 95.73 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.

**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>	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.
Physical Plant <ul style="list-style-type: none"><li>• Theft</li><li>• Damage to Assets</li><li>• Natural Disasters</li></ul>		

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

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<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
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 participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

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 \$10,000 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. 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.

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. 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.

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

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**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 \$165,762, \$135,482, and \$133,304, 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.

**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.

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

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**9. Sales Tax**

Beginning March 1, 1994, a one-cent sales tax went into effect for Pawnee County. The one-cent sales tax was limited to five years in duration and allocated for the following purposes:

County Sheriff's Office	30.0%
City & Rural Fire Protection	5.0%
County 911	2.0%
Senior Citizens	2.0%
County Juvenile Detention	1.0%
County Emergency Management	2.0%
County OSU Extension	5.0%
County Roads & Bridges	10.0%
County Free Fair	3.0%
County Buildings	8.0%
County Economic Development	4.0%
County General Use	28.0%

In February 1998, a special election was held and Pawnee County voters extended this sales tax for five years, beginning March 1, 1999.

On November 5, 2002, an election was held and Pawnee County voters extended this sales tax for five years, beginning March 1, 2004.

The current tax is set to expire February 28, 2009.

## **OTHER SUPPLEMENTARY INFORMATION**

**PAWNEE 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	\$ 359,982	\$ 359,982	\$ 359,982	\$ -
Less: Prior Year Outstanding Warrants	(82,080)	(82,080)	(80,505)	1,575
Less: Prior Year Encumbrances	(9,010)	(9,010)	(8,202)	808
Beginning Cash Balances, Budgetary Basis	268,892	268,892	271,275	2,383
Receipts:				
Ad Valorem Taxes	598,508	598,508	594,900	(3,608)
Charges for Services	61,118	61,118	74,737	13,619
Intergovernmental Revenues	250,171	358,833	369,527	10,694
Miscellaneous Revenues	39,543	39,543	57,466	17,923
Total Receipts, Budgetary Basis	949,340	1,058,002	1,096,630	38,628
Expenditures:				
District Attorney	2,500	2,500	1,573	927
Total District Attorney	2,500	2,500	1,573	927
County Sheriff	232,474	232,474	232,106	368
Capital Outlay	64	64		64
Total County Sheriff	232,538	232,538	232,106	432
County Treasurer	77,123	77,123	76,773	350
Total County Treasurer	77,123	77,123	76,773	350
County Clerk	115,896	116,696	116,007	689
Capital Outlay	1,000	1,000		1,000
Total County Clerk	116,896	117,696	116,007	1,689
Court Clerk	59,751	135,397	133,819	1,578
Total Court Clerk	59,751	135,397	133,819	1,578
County Assessor	63,351	63,351	61,897	1,454
Total County Assessor	63,351	63,351	61,897	1,454
Revaluation of Real Property	129,097	129,225	129,047	178
Total Revaluation of Real Property	129,097	129,225	129,047	178

continued on next page

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

**PAWNEE 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
General Government	478,486	510,574	324,615	185,959
Total General Government	478,486	510,574	324,615	185,959
Excise-Equalization Board	4,400	4,400	3,345	1,055
Total Excise-Equalization Board	4,400	4,400	3,345	1,055
County Election Board	45,416	46,416	46,357	59
Capital Outlay	1,000			
Total County Election Board	46,416	46,416	46,357	59
Charity	500	500		500
Total Charity	500	500	-	500
County Audit Budget	6,174	6,174	6,174	
Total County Audit Budget	6,174	6,174	6,174	-
Provision for Interest on Warrants	1,000	1,000	-	1,000
Total Expenditures, Budgetary Basis	1,218,232	1,326,894	1,131,713	195,181
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	236,192	\$ 236,192
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			7,628	
Add: Current Year Outstanding Warrants			84,343	
Ending Cash Balance			\$ 328,163	

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

**PAWNEE 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	\$ 123,738	\$ 123,738	\$ 123,738	\$ -
Less: Prior Year Outstanding Warrants	(9,473)	(9,473)	(9,473)	
Less: Prior Year Encumbrances	(4,616)	(4,616)	(4,605)	11
Beginning Cash Balances, Budgetary Basis	109,649	109,649	109,660	11
Receipts:				
Ad Valorem Taxes	119,702	119,702	119,280	(422)
Charges for Services		36,500	36,500	
Intergovernmental revenue		50	69	19
Miscellaneous revenues		709	342	(367)
Total Receipts, Budgetary Basis	119,702	156,961	156,191	(770)
Expenditures:				
Health and Welfare	199,351	179,351	144,122	35,229
Capital Outlay	30,000	87,259	51,085	36,174
Total Expenditures, Budgetary Basis	229,351	266,610	195,207	71,403
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	70,644	\$ 70,644
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			6,986	
Add: Current Year Outstanding Warrants			11,844	
Ending Cash Balance			\$ 89,474	

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



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

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**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.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

**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  
PAWNEE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Pawnee County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Pawnee County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 14, 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 Pawnee 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 Pawnee 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 and 2006-2.

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 2006-1 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pawnee 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Pawnee 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 management of Pawnee 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., section 24A.1 et seq.), and shall be open to any person for inspection and copy



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.  
DEPUTY STATE AUDITOR & INSPECTOR

August 14, 2008

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

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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 2006-1 - Segregation of Duties (Repeat Finding)**

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation are important elements of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

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

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: It is the desire of Pawnee County to perform all duties as prescribed by the State Auditor & Inspector. However, due to lack of funds, it is not possible to totally segregate all the duties required. We are cognizant of the problem and will manage it to the best of our ability.

**Finding 2006-2 – Tax Refunds**

Criteria: Statutory control requirements have been established for all monies collected through error. Title 19 O.S. § 691 states, "All money collected through error by the county treasurer, and all other funds of whatsoever kind that shall come into his possession by virtue of office, except such as is required to be disbursed on warrant, bond, interest, coupon or depository voucher, shall be refunded or paid out as the case may be, only on voucher issued by the county clerk. No county treasurer shall, after having filed with the county clerk any report of collections, make any refund of any part thereof, except in the manner as herein provided.

Condition: While performing testwork on bank reconciliations, it was observed that tax refunds are issued with Treasurer's checks rather than cash vouchers.

Effect: Inadequate oversight and documentation exist when issuing refunds through Treasurer's checks.

Recommendation: We recommend the Treasurer issue a tax refund through a cash voucher claim to the County Clerk who will then issue a cash voucher.

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

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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 2006-3 – Cancelled Vouchers**

Criteria: Statutory requirements have been established for cancelled vouchers. Title 62 O.S. § 485 states in part, “No check issued or voucher registered by the treasurer of any county in this state shall be honored by the bank...unless presented within one (1) year of the date of issue. It shall be the duty of the county treasurer to make entry of cancellation opposite the record of the check...and shall forthwith credit the amount thereof to the fund on which it was drawn...”

Condition: While reviewing the Official Depository Cancelled Voucher file, we observed 59 vouchers that were not cancelled within the one year time limit. The vouchers noted are as follows:

Voucher No.	Date Issued	Date Cancelled	Voucher No.	Date Issued	Date Cancelled	Voucher No.	Date Issued	Date Cancelled
2094	8/2/04	3/9/06	5410	12/07/04	3/9/06	6742	2/4/04	3/9/06
2253	11/5/04	3/9/06	5423	12/15/04	3/9/06	2965	3/15/05	6/27/06
2288	12/15/04	3/9/06	5447	1/04/05	3/9/06	2967	3/15/05	6/27/06
2362	1/25/05	3/9/06	5474	1/07/05	3/9/06	2978	4/5/05	6/27/06
2822	8/30/04	3/9/06	5475	1/07/05	3/9/06	2983	4/5/05	6/27/06
2843	10/28/04	3/9/06	5478	1/12/05	3/9/06	2989	4/7/05	6/27/06
2849	11/12/04	3/9/06	5496	1/28/05	3/9/06	5603	3/31/05	6/27/06
2852	11/12/04	3/9/06	5538	2/15/05	3/9/06	5671	4/11/05	6/27/06
2861	12/8/04	3/9/06	5549	2/18/05	3/9/06	8896	3/29/05	6/27/06
2889	1/06/05	3/9/06	5550	2/18/05	3/9/06	8909	4/22/05	6/27/06
3133	7/23/04	3/9/06	5551	2/18/05	3/9/06	4236	4/7/05	6/27/06
5178	7/16/04	3/9/06	5558	2/25/05	3/9/06	6779	3/28/05	6/27/06
5185	8/2/04	3/9/06	5589	3/2/05	3/9/06	6780	3/28/05	6/27/06
5186	8/2/04	3/9/06	1302	11/24/04	3/9/06	6796	4/4/05	6/27/06
5187	8/4/04	3/9/06	6507	9/27/04	3/9/06	6804	4/5/05	6/27/06
5220	8/10/04	3/9/06	6508	9/27/04	3/9/06	6814	4/5/05	6/27/06
5240	8/16/04	3/9/06	6522	10/1/04	3/9/06	6823	4/5/05	6/27/06
5259	8/24/04	3/9/06	6635	11/30/04	3/9/06	6838	4/5/05	6/27/06
5383	11/24/04	3/9/06	6636	11/30/04	3/9/06	6843	4/5/05	6/27/06
5385	12/03/04	3/9/06	6660	12/8/04	3/9/06			

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

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Effect: This condition could result in undetected errors, and in some instances could result in misappropriation of cash.

Recommendation: We recommend management take steps to ensure all vouchers are cancelled within the time limits allowed by state statutes.

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

**Finding 2006-4 – Consumable Inventories**

Criteria: Statutory requirements have been established for inventory control of supplies and materials used in county government. Title 19 O.S. § 1502 prescribes the procedures to be used to account for supplies and materials used in the construction and maintenance of roads and bridges.

Condition: Based on our testwork of consumable inventory records, we determined that records did not accurately reflect the balances of the items on hand for Districts 1 and 2. In District 3, consumable inventory records were not being maintained for consumable inventory items such as grader blades, gravel, etc.

Effect: This condition could result in undetected errors and misappropriation of supplies and materials.

Recommendation: We recommend management take steps to ensure that consumable inventory records are being maintained and that the records accurately reflect the number of items kept on hand.

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

**Finding 2006-5 – Sheriff Commissary Account**

Criteria: Title 19 O.S. § 180.43.E. states in part, “Each county sheriff may operate, or contract the operation of, a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel, or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary....”

Condition: During our testwork of the Inmate Trust Account, it was noted that a Sheriff Commissary Account had not been established with the County. It was noted that all commissary activity is maintained within the Inmate Trust Account, which is an agency fund of the County, and any surplus of commissary operations available for spending is not being properly accounted for.

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

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Effect: The Sheriff is administering funds outside of county provisions allowed by statute.

Recommendation: We recommend management take steps to establish a Sheriff Commissary Account.

Views of responsible officials and planned corrective actions:

Sheriff Roger L. Price – Pawnee County Sheriff

A Commissary account has been established in compliance with state statutes.

**Finding 2006-6 – Inmate Trust Account**

Criteria: Statutory control requirements have been established for county government for disbursements from inmate agency trust funds. Title 19 O.S. § 531.A. states in part, "...the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account"...The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Condition: While reviewing the Sheriff's Official Depository we noted the following;

1. The Inmate Trust account bank reconciliations were not reviewed or approved.
2. The Inmate Trust checks do not require two authorized signatures.
3. The blank Inmate Trust checks are not safeguarded.

Effect: This could result in unrecorded transactions and misappropriation of monies collected from those inmates incarcerated.

Recommendation: We recommend that all Inmate Trust bank reconciliations be reviewed and approved by the Sheriff or his designee. We also recommend that steps are taken to ensure that dual signatures are required on all Inmate Trust checks and that the blank Inmate Trust checks are stored in a secure location.

Views of responsible officials and planned corrective actions:

Sheriff Roger L. Price – Pawnee County Sheriff

1. The Inmate Trust Account bank reconciliations are now being reviewed by two employees and initialed.
2. All Inmate Trust checks now have two authorized signatures.
3. The blank Inmate Trust checks are now locked up in a filing cabinet.



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

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**Finding 2006-7 – Commissary Annual Report**

Criteria: Title 19 O.S. § 180.43.E. states in part, "...The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."

Condition: The County Sheriff has not filed an annual report of any funds received or expended for commissary activities.

Effect: This condition results in unaccountability for any funds received or expended for commissary activities.

Recommendation: We recommend that an annual report of commissary operations be submitted to the BOCC no later than January 15 of each year and filed with the County Clerk.

Views of responsible officials and planned corrective actions:

Sheriff Roger L. Price – Pawnee County Sheriff

A printout of the annual commissary operations has been printed and taken to the Pawnee County Clerk and will be filed before January 15 each year.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
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