

PAWNEE COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

September 22, 2008

TO THE CITIZENS OF
PAWNEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Pawnee 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

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, 2007**

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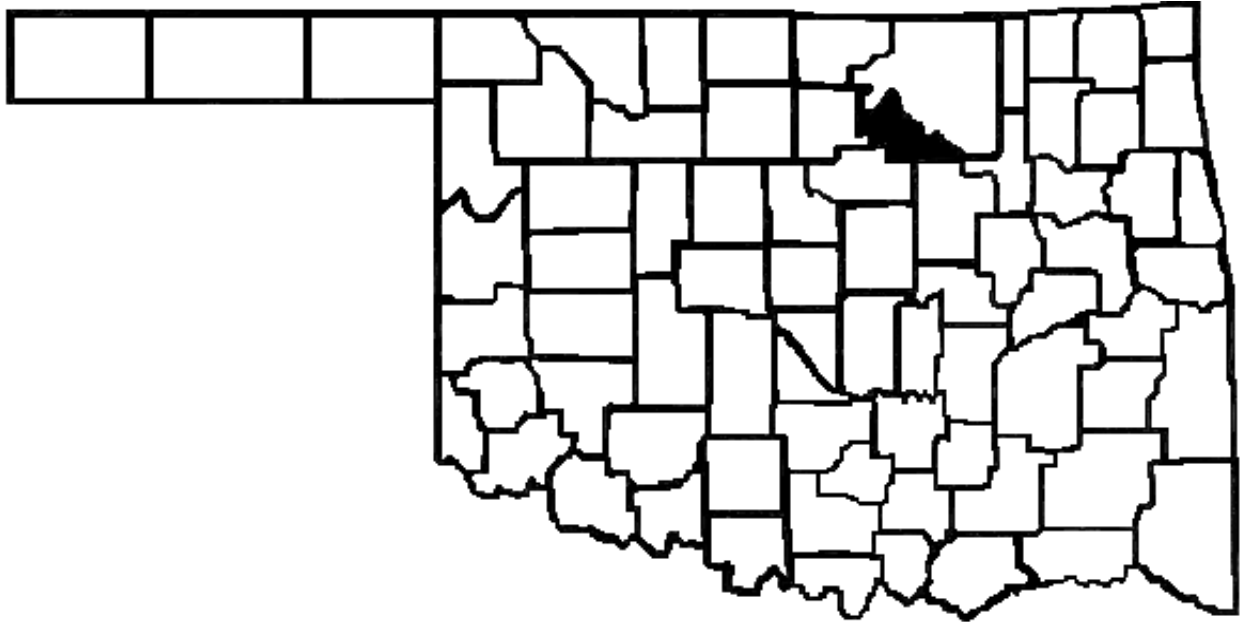
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**PAWNEE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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



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 – 16,860
(2004 est.)

Farms – 826

Land in Farms – 280,768 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

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

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, 2007**

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, 2007**

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, 2007**

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, 2007**

ELECTION BOARD SECRETARY

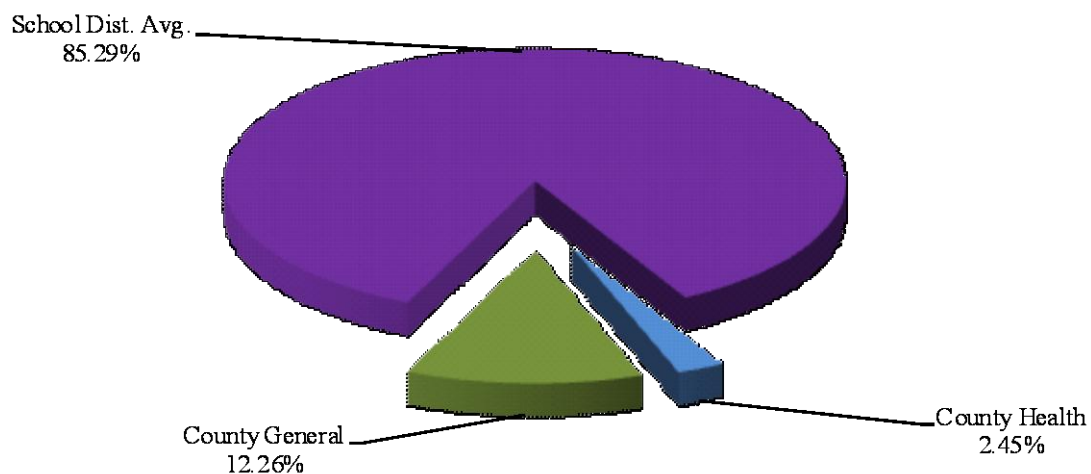
Tonda Miner

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, 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							
County General	10.00			Gen.	Bldg.	Skg.	Career-Tech	Common	Total
County Health	2.00	Pawnee (V-16)	I-1	35.00	5.00	9.22	15.00	4.00	68.22
		Cleveland	I-6	35.00	5.00	27.61	13.00	4.00	84.61
		Jennings	O-2	35.00	5.00	12.27	13.00	4.00	69.27
		Woodland	Jl-90	35.00	5.00	10.10	12.00	4.00	66.10
		Glencoe (V-16)	Jl-101	35.00	5.00	19.86	15.00	4.00	78.86
		Yale (V-3)	J-103	35.00	5.00	4.57	13.00	4.00	61.57
		Morrison (V-16)	J-6	35.00	5.00	21.07	15.00	4.00	80.07
		Frontier	J-14	35.00	5.00	3.94		4.00	47.94
		Keystone	J-15	35.00	5.00	6.07	13.00	4.00	63.07
		Mannford (V-3)	J-3B	35.00	5.00	19.19	13.00	4.00	76.19

See independent auditor's report.

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

Total net assessed value as of January 1, 2006		<u>\$ 65,135,930</u>
Debt limit - 5% of total assessed value		3,256,797
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 3,256,797</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, 2007
(UNAUDITED)

	<u>2007</u>
Estimated population	<u>16,860</u>
Net assessed value as of January 1, 2006	<u>\$ 65,135,930</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, 2007
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$8,137,590	\$15,170,887	\$45,982,994	\$4,155,541	\$65,135,930	\$542,799,417

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, 2007, 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, 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 Pawnee 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 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 BURRAGE, 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, 2007

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
General Fund	\$ 328,163	\$ 1,205,469	\$ 1,148,218	\$ 385,414
Highway Cash	972,881	1,974,462	1,778,299	1,169,044
Sheriff Service Fees	69,065	151,844	89,136	131,773
Resale Property	147,054	90,247	99,237	138,064
County Clerk Lien Fee	9,025	5,471	2,258	12,238
Asset & Forfeiture	4,221	152,648	35,702	121,167
County Assessor Visual Inspection	43,089	6,084	6,228	42,945
County Clerk Records Preservation	20,635	20,285	9,969	30,951
Treasurer's Mortgage Cert. Fees	3,187	4,410	4,331	3,266
County Health	89,474	163,515	112,710	140,279
Sheriff Training	299			299
Tribal Prisoners	168,264	158,715	144,613	182,366
OG&E Sooner Lake	11,464	31,930	30,573	12,821
Corp of Engineers	16,042	4,301	163	20,180
LED3 Sheriff Grant	7		7	
LEPC Grant	13,718	2,534	2,332	13,920
Sales Tax	1,156,135	841,401	772,672	1,224,864
LEBG Sheriff Grant	18		18	
EMPG Grant	1,176		1,176	
CDBG	45,030	848	45,030	848
REAP 321762		56,500	56,500	
Combined Total--All County Funds	\$ 3,098,947	\$ 4,870,664	\$ 4,339,172	\$ 3,630,439

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, 2007**

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, 2007**

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.

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.

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

REAP 321762 – accounts for state funds passed through Oklahoma Department of Commerce to be used for the purchase of fire trucks and install beds.

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

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).

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:

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

- 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, 2007**

The assessed property value as of January 1, 2006, was approximately \$65,135,930.

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, 2007, were approximately 95.47 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:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none">• Torts• Errors and Omissions• Law Enforcement Officers Liability• Vehicle	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">• Theft• Damage to Assets• Natural Disasters		

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

Types of Loss	Method of Management	Risk of Loss Retained
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County 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, 2007

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 \$174,543, \$165,762, and \$135,482, 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, 2007**

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 328,163	\$ 328,163	\$ 328,163	\$ -
Less: Prior Year Outstanding Warrants	(84,343)	(84,343)	(84,343)	
Less: Prior Year Encumbrances	(9,203)	(9,203)	(7,156)	2,047
Beginning Cash Balances, Budgetary Basis	234,617	234,617	236,664	2,047
Receipts:				
Ad Valorem Taxes	635,740	635,740	638,145	2,405
Charges for Services	67,164	67,164	67,809	645
Intergovernmental Revenues	258,494	348,756	440,342	91,586
Miscellaneous Revenues	49,819	49,819	59,173	9,354
Total Receipts, Budgetary Basis	1,011,217	1,101,479	1,205,469	103,990
Expenditures:				
District Attorney	2,500	2,500	2,083	417
Total District Attorney	2,500	2,500	2,083	417
County Sheriff	236,696	237,815	233,882	3,933
Total County Sheriff	236,696	237,815	233,882	3,933
County Treasurer	79,173	79,173	79,173	
Capital Outlay	350	350		350
Total County Treasurer	79,523	79,523	79,173	350
County Clerk	119,346	119,351	118,584	767
Capital Outlay	1,000	1,000		1,000
Total County Clerk	120,346	120,351	118,584	1,767
Court Clerk	61,100	144,635	141,931	2,704
Total Court Clerk	61,100	144,635	141,931	2,704
County Assessor	62,117	62,117	61,425	692
Total County Assessor	62,117	62,117	61,425	692
Revaluation of Real Property	141,790	141,790	134,558	7,232
Total Revaluation of Real Property	141,790	141,790	134,558	7,232

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, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
General Government	482,491	487,858	337,659	150,199
Total General Government	482,491	487,858	337,659	150,199
Excise-Equalization Board	4,400	4,400	2,418	1,982
Total Excise-Equalization Board	4,400	4,400	2,418	1,982
County Election Board	45,857	45,783	47,085	(1,302)
Capital Outlay	1,000	1,310		1,310
Total County Election Board	46,857	47,093	47,085	8
Charity	500	500		500
Total Charity	500	500	-	500
County Audit Budget	6,514	6,514	6,514	
Total County Audit Budget	6,514	6,514	6,514	-
Provision for Interest on Warrants	1,000	1,000	-	1,000
Total Expenditures, Budgetary Basis	1,245,834	1,336,096	1,165,312	170,784
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	276,821	\$ 276,821
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			17,397	
Add: Current Year Outstanding Warrants			91,196	
Ending Cash Balance			\$ 385,414	

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, 2007

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 89,474	\$ 89,474	\$ 89,474	\$ -
Less: Prior Year Outstanding Warrants	(11,748)	(11,748)	(11,748)	
Less: Prior Year Encumbrances	(6,986)	(6,986)	(4,948)	2,038
Beginning Cash Balances, Budgetary Basis	70,740	70,740	72,778	2,038
Receipts:				
Ad Valorem Taxes	131,246	131,246	127,629	(3,617)
Charges for Services		29,131	34,530	5,399
Intergovernmental Revenue			69	69
Miscellaneous Revenues		1,248	1,287	39
Total Receipts, Budgetary Basis	131,246	161,625	163,515	1,890
Expenditures:				
Health and Welfare	137,712	103,775	77,809	25,966
Capital Outlay	64,274	128,590	112,912	15,678
Total Expenditures, Budgetary Basis	201,986	232,365	190,721	41,644
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	45,572	\$ 45,572
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			77,912	
Add: Current Year Outstanding Warrants			16,795	
Ending Cash Balance			\$ 140,279	

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, 2007

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, 2007, 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 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 and 2007-2 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 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 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 2007-3, 2007-5, and 2007-6.

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.

Pawnee County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Pawnee County's responses and, accordingly, we express no opinion on them.

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 copying.



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, 2007**

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: 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 2007-2 – Tax Refunds (Repeat Finding)

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, 2007**

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

Finding 2007-3 – Sheriff Commissary Account (Repeat Finding)

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.

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 2007-5 – Commissary Annual Report (Repeat Finding)

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

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

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

Effect: The Sheriff was not in compliance with state statutes, which could hinder the budget setting process.

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 Court Clerk to be filed, and will be filed before January 15 each year.

Finding 2007-6 – Collateralization

Criteria: Title 62 O.S. § 511 states, “Any custodian of public funds of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall hereafter, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit Insurance Corporation, be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such Federal Deposit Insurance Corporation.” Title 62 O.S. § 513 states in part, “...treasurers of counties...having custody, control and management of any public or trust fund or funds charged with the safekeeping and deposit of said fund or funds...in an amount and to the extent that such deposit is fully insured by the Federal Savings and Loan Insurance Corporation or any other instrumentality of the United States Government.” Title 62 O.S. § 517.3 states in part, “All public deposits made by a treasurer of a public entity in financial institutions shall be secured as provided for in the Security for Local Public Deposits Act.” Also, 19 O.S. § 121 states, “ the county treasurer shall take from each of such banks security in a sum equal to the largest approximate amount that may be deposited in each bank respectively at any one time. “

Condition: We reviewed deposits for collateral security requirements for the months of December 2006, January 2007, April 2007, and June 2007. During our review for the four months reviewed, First National Bank was under-collateralized in the amount of \$4,781.74 for December 2006 and \$67,959.27 for January 2007.

Effect: The County was not in compliance with the above-listed statute(s); leaving the County at risk for custodial risk category issues.

Recommendation: Management should take steps to ensure that deposits with financial institutions are adequately collateralized and closely monitor this on a routine basis.

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

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

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 2007-4 – Inmate Trust Account (Repeat Finding)

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 Inmate Trust Account, 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 and maintained in the Sheriff’s Inmate Trust Account.

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, 2007**

Finding 2007-7 – Cancelled Vouchers

Criteria: Statutory control 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 24 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
3039	8/19/05	1/26/07		6959	7/28/05	1/26/07		9084	9/30/05	1/26/07
3452	10/19/05	1/26/07		7006	9/22/05	1/26/07		3150	1/30/06	6/28/07
5831	7/11/05	1/26/07		7007	9/22/05	1/26/07		3154	2/15/06	6/28/07
5832	7/11/05	1/26/07		7040	10/26/05	1/26/07		3168	4/10/06	6/28/07
5930	9/19/05	1/26/07		7041	10/26/05	1/26/07		6153	2/3/06	6/28/07
6956	7/28/05	1/26/07		7056	11/30/05	1/26/07		6284	5/2/06	6/28/07
6957	7/28/05	1/26/07		7057	11/30/05	1/26/07		1359	4/4/06	6/28/07
6958	7/28/05	1/26/07		9021	8/9/05	1/26/07		7265	3/13/06	6/28/07

Effect: This condition could result in undetected errors, and in some instances could result in misappropriation of cash within the Official Depository Account.

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.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
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