

**PAYNE COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

August 30, 2005

TO THE CITIZENS OF  
PAYNE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Payne County, Oklahoma, for the fiscal year ended June 30, 2004. 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 serve the public interest by providing independent oversight and to issue 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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

PAYNE COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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**PAYNE COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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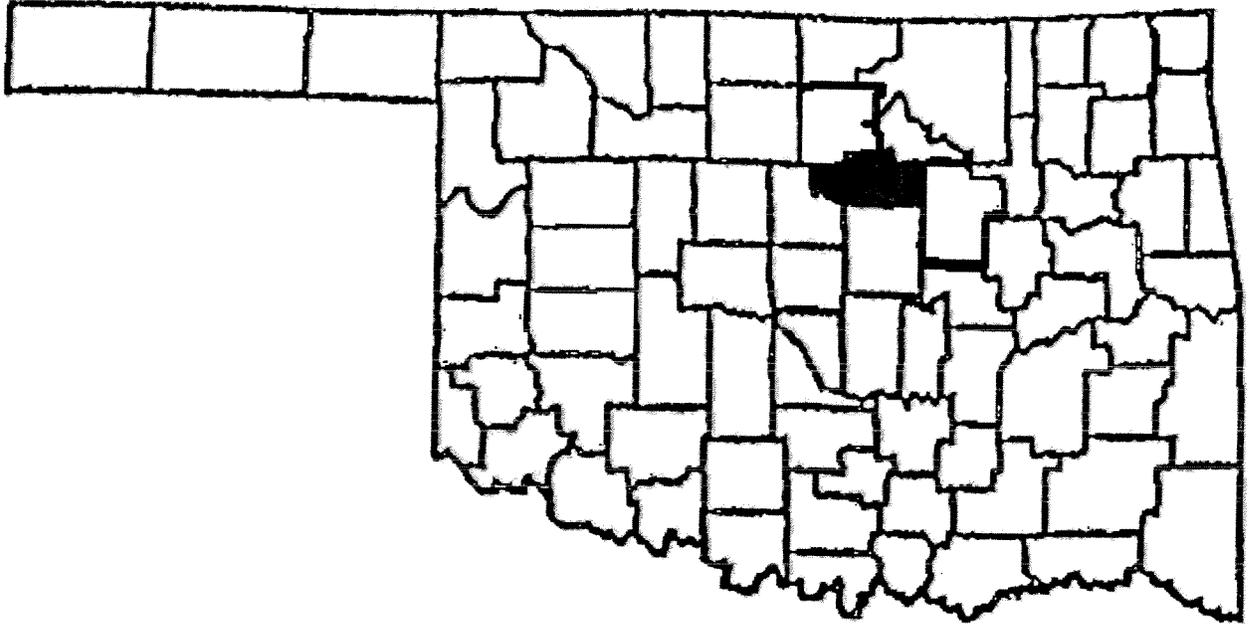
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REPORT TO THE CITIZENS  
OF  
PAYNE COUNTY, OKLAHOMA

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Payne County was among the first counties settled during the land run of April 22, 1889.

For more than half a century, agriculture was the basis of the county's economy, with cotton, corn, and later oats, wheat, and alfalfa the major crops.

Since World War II, the economic base has changed. Industry has replaced agriculture as the leading source of employment. Major industrial plants along North Perkins Road in Stillwater employ more than 2,500 workers, many of whom commute from Yale, Ripley, Glencoe, Perkins, and Cushing. Oklahoma State University, which opened in 1891, is still the county's largest employer with more than 7,500 employees.

From 1913 to 1930, oil was a major economic factor in the county, but this, too, has declined except for massive facilities at Cushing, enhancing its status as "Pipeline Crossroads of the World."

County Seat – Stillwater

Area – 686.4 Square Miles

County Population – 68,190  
(2000 est.)

Farms – 1,281

Land in Farms – 339,359 Acres

Primary Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Cheri Hall  
(D) Stillwater

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**  
Sherri Schieffer  
(D) Stillwater

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.

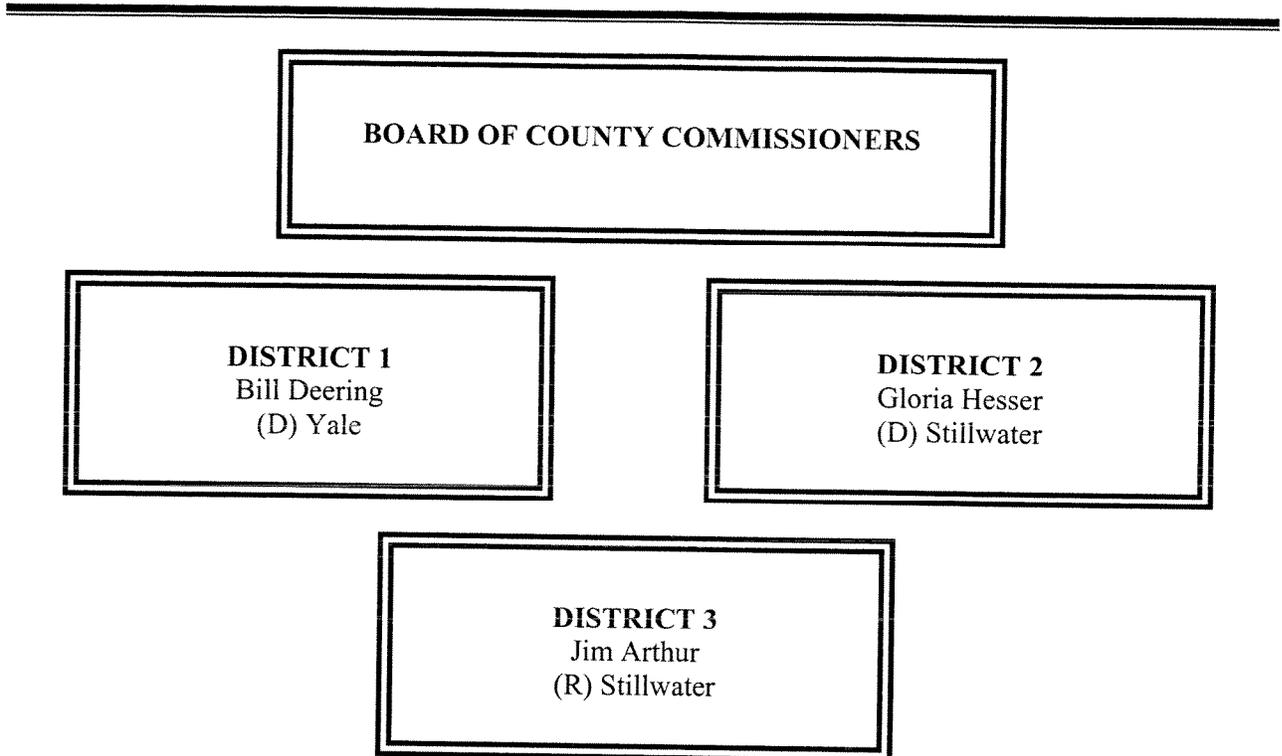
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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

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

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

See independent auditor's report.

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Carl Hiner  
(D) Stillwater

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**  
Bonita Stadler  
(R) Stillwater

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.

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**

Lisa Lambert  
(D) Stillwater

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**

Robert L. Hudson  
(R) Guthrie

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.

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

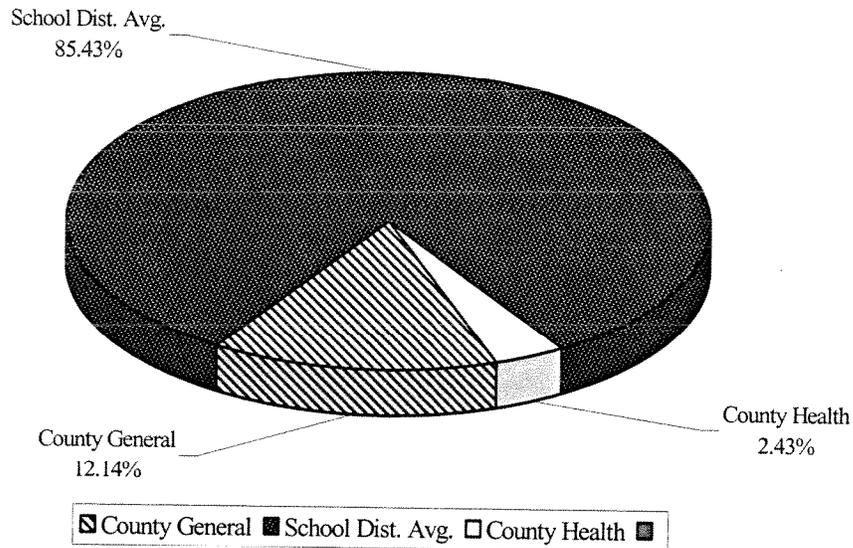
Glenna Craig  
(D) Stillwater

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.

**PAYNE COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE**

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	
Co. General	10.00
County Health	2.00
<hr/>	
Other	
Stillwater	10.76
Yale EMS	3.00

		School District Millages						
		Gen.	Bldg.	Skg.	Career-Tech	Common	Total	
Ripley	I-3	35.00	5.00	17.55	13.00	4.00	74.55	
Logan	I-3	35.00	5.00	13.80	15.00	4.00	72.80	
Noble-Joint	I-6	35.00	5.00	13.51	15.00	4.00	72.51	
Logan	I-14	35.00	5.00	6.06		4.00	50.06	
Stillwater	I-16	35.00	5.00	22.96	15.00	4.00	81.96	
Creek	I-20	35.00	5.00	15.34	13.00	4.00	72.34	
Creek	I-39	35.00	5.00	19.47	13.00	4.00	76.47	
Perkins	I-56	35.00	5.00	17.16	15.00	4.00	76.16	
Cushing	I-67	35.00	5.00	16.69	13.00	4.00	73.69	
Glencoe	I-101	35.00	5.00	15.97	15.00	4.00	74.97	
Yale	I-103	35.00	5.00	5.08	13.00	4.00	62.08	
Oak Grove	D-104	35.00	5.00		13.00	4.00	57.00	

See independent auditor's report.

**FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
PAYNE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Payne County, Oklahoma, as of and for the year ended June 30, 2004, as listed in the table of contents. These special-purpose financial statements are the responsibility of Payne County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Payne County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Payne County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Payne County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2005, on our consideration of Payne 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 performed for the purpose of forming an opinion on the special-purpose financial statements of Payne County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we express no opinion on it.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

May 25, 2005

**Special-Purpose Financial Statements**

**PAYNE COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED, JUNE 30, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
General Fund	\$ 2,360,945	\$ 6,522,812	\$ 6,259,905	\$	\$ 2,623,852
Self-Insurance	524,452	52,799	205,068		372,183
Highway Cash	807,107	2,781,768	2,886,740		702,135
County Health Department	674,228	625,232	504,673		794,787
Bridge Improvements	455,817	68,352			524,169
Sheriff Training Fund	20,791	21,736	9,486		33,041
Sheriff Board of Prisoners	20,142	79,605	69,245		30,502
Tree Planting	373	174	174		373
Assessor's Revolving	5,377	6,141	6,597		4,921
Solid Waste	16,214	44,470	40,439		20,245
Fairboard Cash	44,195	109,088	113,743		39,540
Treasurer's Mortgage Cert. Fee	99,858	24,512	12,661		111,709
Community Service	7,906		7,906		
D.A. Revolving Account	44,244	103,498	84,232		63,510
D.A. Drug Task Force	30,542	148,855	142,353		37,044
Court Clerk Revolving	205,186	77,961	12,007		271,140
Emergency 911	201,204	303,191	171,538		332,857
D.A. VOCA		74,286	74,286		
Resale Property	365,949	221,588	96,181		491,356
Lien Cash Account	48,635	26,132	12,485		62,282
Sheriff Service Fee	139,623	170,755	205,268		105,110
Grant Monies	6,626	120,325	119,420		7,531
Cities and Towns	47,762	2,644,225	2,646,810		45,177
Court Fund	171,966	1,465,680	1,102,567		535,079
Official Depository	1,977,492	10,454,536	10,906,936	48,859	1,573,951
Sheriff Commissary	19,909	12,812	22,159		10,562
Cemetery Fund	8,011	132			8,143
Facilities Authority	501,496	552,210	843,839		209,867
Fairboard Premiums	3,325	25,000	20,934		7,391
Child Abuse Prevention	328	1,284			1,612
REN Corporation	115,340		115,340		
D.A. Revolving Evidence	1,237	97	93		1,241
Payne Co. Economic Authority	251,061	123,244	50,000		324,305
EMS Yale	87	20,495	19,701		881
Payne Co. Home Finance	84,831	158			84,989
Weed	1,062	12,607	13,445		224
County Law Library	9,586	46,934	46,685		9,835
Sewer	27				27
Conservancy Dist. 18	30	6,739	6,663		106
Schools	565,514	26,704,569	27,083,310		186,773
Capital Projects	1,688,698	458,871	81,097		2,066,472

continued on next page

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

**PAYNE COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED, JUNE 30, 2004**

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
Limited Purpose Sales Tax	65,103	832,052	647,070		250,085
Paving		461	461		
Gun Violence Grant	3,334	36,666	40,000		
Flood Plain	5,797	20,068	8,654		17,211
Record Owners	1,172	277			1,449
Clerk's Preservation Fees		214,798	73,946		140,852
<b>Total County Funds</b>	<u>\$ 11,602,582</u>	<u>\$ 55,101,855</u>	<u>\$ 54,648,777</u>	<u>\$ 48,859</u>	<u>\$ 12,104,519</u>

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

**PAYNE COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,360,945	\$ 2,360,945	\$ 2,360,945	\$ -
Less: Prior Year Outstanding Warrants	(417,087)	(417,087)	(417,087)	
Less: Prior Year Encumbrances	(445,749)	(445,749)	(412,958)	32,791
Beginning Cash Balances, Budgetary Basis	<u>1,498,109</u>	<u>1,498,109</u>	<u>1,530,900</u>	<u>32,791</u>
Receipts:				
Ad Valorem Taxes	2,794,977	2,794,977	3,018,925	223,948
Sales Tax	2,089,528	2,089,528	2,496,155	406,627
Charges for Services	301,089	301,089	383,095	82,006
Intergovernmental Revenues	468,490	451,998	483,532	31,534
Miscellaneous Revenues	63,388	63,388	141,105	77,717
Total Receipts, Budgetary Basis	<u>5,717,472</u>	<u>5,700,980</u>	<u>6,522,812</u>	<u>821,832</u>
Expenditures:				
District Attorney	53,875	53,572	48,337	5,235
Total District Attorney	<u>53,875</u>	<u>53,572</u>	<u>48,337</u>	<u>5,235</u>
County Sheriff	1,153,360	1,170,175	1,138,090	32,085
Total County Sheriff	<u>1,153,360</u>	<u>1,170,175</u>	<u>1,138,090</u>	<u>32,085</u>
County Treasurer	153,180	153,180	153,018	162
Total County Treasurer	<u>153,180</u>	<u>153,180</u>	<u>153,018</u>	<u>162</u>
County Commissioners	185,011	188,438	186,172	2,266
Total County Commissioners	<u>185,011</u>	<u>188,438</u>	<u>186,172</u>	<u>2,266</u>
OSU Extension Sales Tax	236,009	235,939	203,548	32,391
Capital Outlay	189,319	185,319		185,319
Total OSU Extension Sales Tax	<u>425,328</u>	<u>421,258</u>	<u>203,548</u>	<u>217,710</u>
County Clerk	273,978	274,507	274,397	110
Total County Clerk	<u>273,978</u>	<u>274,507</u>	<u>274,397</u>	<u>110</u>
Court Clerk	246,754	246,754	244,565	2,189
Total Court Clerk	<u>246,754</u>	<u>246,754</u>	<u>244,565</u>	<u>2,189</u>
County Assessor	232,490	227,870	222,756	5,114
Capital Outlay		4,400	4,156	244
Total County Assessor	<u>232,490</u>	<u>232,270</u>	<u>226,912</u>	<u>5,358</u>

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

**PAYNE COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	362,364	373,728	355,924	17,804
Capital Outlay	1,600	1,800	1,785	15
Total Revaluation of Real Property	<u>363,964</u>	<u>375,528</u>	<u>357,709</u>	<u>17,819</u>
General Government	627,216	602,634	395,347	207,287
Capital Outlay	2,495	2,495	1,200	1,295
Total General Government	<u>629,711</u>	<u>605,129</u>	<u>396,547</u>	<u>208,582</u>
Excise-Equalization Board	1,000	1,400	1,218	182
Total Excise-Equalization Board	<u>1,000</u>	<u>1,400</u>	<u>1,218</u>	<u>182</u>
County Election Board	110,425	110,124	108,990	1,134
Capital Outlay		995	995	
Total County Election Board	<u>110,425</u>	<u>111,119</u>	<u>109,985</u>	<u>1,134</u>
Insurance	731,463	731,590	709,375	22,215
Total Insurance	<u>731,463</u>	<u>731,590</u>	<u>709,375</u>	<u>22,215</u>
Building Engineer	48,970	48,370	44,466	3,904
Total Building Engineer	<u>48,970</u>	<u>48,370</u>	<u>44,466</u>	<u>3,904</u>
Jail Annex	357,382	357,382	329,035	28,347
Total Jail Annex	<u>357,382</u>	<u>357,382</u>	<u>329,035</u>	<u>28,347</u>
Fairboard Sales Tax	333,021	309,448	276,534	32,914
Capital Outlay	144,301	142,801	8,615	134,186
Total Fairboard Sales Tax	<u>477,322</u>	<u>452,249</u>	<u>285,149</u>	<u>167,100</u>

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

**PAYNE COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Highway Budget	1,493,538	1,493,538	1,309,692	183,846
Total Highway Budget	<u>1,493,538</u>	<u>1,493,538</u>	<u>1,309,692</u>	<u>183,846</u>
County Audit Budget	29,734	29,734	29,734	
Total County Audit Budget	<u>29,734</u>	<u>29,734</u>	<u>29,734</u>	<u>-</u>
Fire Department Sales Tax	248,096	252,896	96,502	156,394
Total Fire Department Sales Tax	<u>248,096</u>	<u>252,896</u>	<u>96,502</u>	<u>156,394</u>
 Total Expenditures, Budgetary Basis	 <u>7,215,581</u>	 <u>7,199,089</u>	 <u>6,144,451</u>	 <u>1,054,638</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 <u>\$ -</u>	 1,909,261	 <u>\$ 1,909,261</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			406,114	
Add: Current Year Outstanding Warrants			308,477	
Ending Cash Balance			<u>\$ 2,623,852</u>	

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

**PAYNE COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
COUNTY HEALTH DEPARTMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 674,228	\$ 674,228	\$ 674,228	\$ -
Less: Prior Year Outstanding Warrants	(7,723)	(7,723)	(7,723)	
Less: Prior Year Encumbrances	(104,457)	(104,457)	(101,073)	3,384
Beginning Cash Balances, Budgetary Basis	<u>562,048</u>	<u>562,048</u>	<u>565,432</u>	<u>3,384</u>
Receipts:				
Ad Valorem Taxes	558,995	558,995	594,318	35,323
Charges	5,405	7,521	4,445	(3,076)
Intergovernmental	1,324	26,469	26,469	
Total Receipts, Budgetary Basis	<u>565,724</u>	<u>592,985</u>	<u>625,232</u>	<u>32,247</u>
Expenditures:				
Health and Welfare	1,127,772	1,155,033	414,891	740,142
Total Expenditures, Budgetary Basis	<u>1,127,772</u>	<u>1,155,033</u>	<u>414,891</u>	<u>740,142</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	775,773	<u>\$ 775,773</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			12,595	
Add: Current Year Outstanding Warrants			6,419	
Ending Cash Balance			<u>\$ 794,787</u>	

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

**PAYNE COUNTY, OKLAHOMA  
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
Court Clerk	\$ 711,170	\$ 2,566,498	\$ 2,544,099	\$ 31,027	\$ 764,596
County Clerk	116,690	715,618	731,940	11	100,379
County Sheriff	3,471	76,744	75,930		4,285
Treasurer	748,251	5,278,718	5,556,030	401	471,340
District Attorney	393,753	1,676,936	1,865,757	14,729	219,661
Election Board	140	88,094	81,494	2,691	9,431
County Health	3,553	45,182	44,909		3,826
County Assessor	464	6,746	6,777		433
<b>Total Official Depository Accounts</b>	<u>\$ 1,977,492</u>	<u>\$ 10,454,536</u>	<u>\$ 10,906,936</u>	<u>\$ 48,859</u>	<u>\$ 1,573,951</u>

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

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Payne County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund and county health department fund.

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Comparative Statements of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - 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 Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2004.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability - Torts - Errors and Omissions - Law Enforcement Officers Liability - Vehicle Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 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 worker's compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before May 31<sup>st</sup> of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$12,104,519 and the bank balance was \$12,217,608. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and § 348.3 allow the following types of investments:

- 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

B. Description of Funds

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

Self-Insurance – revenues are from interest earned on a portion of the money generated when the Home Finance Authority restructured bonds. Disbursements are used for insurance premiums and deductibles for the County.

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

County Health Department – 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.

Bridge Improvements – revenues are from the Oklahoma Department of Transportation. Disbursements are for bridge improvements throughout the County.

Detailed Notes on Funds and Account Balances (continued)

Sheriff Training Fund – revenues are from the sale of property forfeited in drug cases. Disbursements are for officer training, equipment, and crime prevention.

Sheriff Board of Prisoners – revenues are from fees charged for boarding prisoners for other governments in the county jail. Disbursements are for jail maintenance.

Tree Planting – revenues are from donations from private parties and disbursements are for the planting of trees throughout the County.

Assessor's Revolving – revenues are from fees charged by the County Assessor (copies, etc.). Disbursements are for any legal expenses of the Assessor's office.

Solid Waste – revenues are from grant monies, general government and illegal dumping fines. Disbursements are used to clean and post street signs on county roads.

Fairboard Cash – accounts for the collection of rental fees for the use of fair property. Disbursements are made for the maintenance of fairgrounds.

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

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

D.A. Revolving Account – revenues are from the sales of confiscated items used in drug trafficking. Disbursements are made for any lawful expense of the District Attorney.

D.A. Drug Task Force – revenues are from grants and disbursements are for combating drug trafficking throughout the County.

Court Clerk Revolving – revenues are from fees charged on court cases. Disbursements are for any legal expenditure of the Court Clerk's office.

Emergency 911 – revenues are from telephone surcharges. Disbursements are for the emergency 911 system.

D.A. VOCA – revenues are from grants received and disbursements are for the assistance to victims of crimes.

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.

Detailed Notes on Funds and Account Balances (continued)

Lien Cash Account – revenues are from lien redemptions. Disbursements are for remittance to lienholders.

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

Grant Monies – revenues are from federal grants and disbursements are for various items as restricted by the grant agreements.

Cities and Towns – all funds collected on behalf of cities and towns are recorded in this fund and remitted to the individual cities and towns monthly.

Court Fund – accounts for fees transferred from the Court Clerk account and interest earnings. Disbursements are for operating expense of the Court Clerk's office.

Official Depository – all officers and agencies collecting fees deposit those fees to this account daily. At the end of each month the fees are distributed to the appropriate fund or agency.

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

Cemetery Fund – revenues are from donations. Disbursements are for cemetery maintenance and care.

Facilities Authority – revenues are from the limited purpose sales tax. Disbursements are for the renovation of the County Courthouse.

Fairboard Premiums – accounts for county fair prizes and premiums.

Child Abuse Prevention – revenues are from jurors who donate a portion of their earnings received for appearing on jury duty. Disbursements are for child abuse prevention activities.

REN Corporation – acts as a county bond refinancing program and accounts for the collection of county bond money.

D.A. Revolving Evidence – accounts for the collection of evidence used in crimes and the disbursement of the evidence per court order.

Payne County Economic Authority – accounts for the collection and disbursement of funds used to promote economic growth and development of the County.

EMS Yale – accounts for the receipt and disbursement of funds for the Yale Emergency Medical Service District.

Detailed Notes on Funds and Account Balances (continued)

Payne County Home Finance – accounts for the collection and disbursement of funds used to promote the development of adequate residential use housing within the County.

Weed – accounts for the collection and disbursement of a city weed tax.

County Law Library – accounts for monies received for disbursement from the state for the law library board.

Sewer – accounts for the disbursement of funds used to operate the county sewer system.

Conservancy District 18 – accounts for the collection and disbursement of taxes collected to prevent flooding in certain areas of the County.

Schools – all funds collected on behalf of the county schools are recorded in this fund and remitted to the individual schools monthly.

Capital Projects – accounts for financial resources segregated for the acquisition or construction of major capital properties (other than those financed by trust funds).

Limited Purpose Sales Tax – accounts for the collection and disbursement of sales tax revenues as designated by a vote of the residents of the County.

Paving – revenues are from citizens and disbursements are for road repairs financed by donations.

Gun Violence Grant – revenues are from federal grants and disbursements are for the prevention of gun related crime.

Flood Plain – revenues are from the federal government and disbursements are for the prevention of flooding.

Record Owners – accounts for the reimbursement of funds for certificate purchases when the owner pays their property taxes.

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

The following narrative details the official depository accounts.

Court Clerk – accounts for the collection of bonds, fines, and fees. Money is disbursed for fees and restitution.

Detailed Notes on Funds and Account Balances (continued)

County Clerk – accounts for the collection of filing fees and transfers to the appropriate entity monthly.

County Sheriff – accounts for cash bonds, tax warrants, drug forfeiture, reserve officer donations, reimbursements, and inmate commissary funds. Disbursements are made to the proper recipient or fund monthly.

Treasurer – accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile home taxes, and the sale of motor vehicle tax stamps. Disbursements are to the proper recipient monthly.

District Attorney – accounts for the collection of controlled substance forfeitures, restitution, witness fees, and miscellaneous collections of the District Attorney's office. Disbursements are for the transfer of funds to the proper fund or recipient.

Election Board – accounts for reimbursements for election cost and disbursements for election board operations.

County Health – accounts for fees charged by the county health department. Disbursements are to the county health department budget account monthly.

County Assessor – accounts for fees charged by the County Assessor and remitted to the Assessor's Revolving Fund monthly.

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2003, was approximately \$297,338,080.

The County levied 10 mills (the legal maximum) for general fund operations and 2 mills for the county health department. In addition, the County also 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.

Detailed Notes on Funds and Account Balances (continued)

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, 2004, were approximately 95 percent of the tax levy.

D. 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.

E. 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 subsequent pieces of machinery acquired.

F. 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. Contingent Liabilities

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

5. Sales Tax

The voters of Payne County approved a 3/8 of 1% sales tax extension effective January 1, 2004. This sales tax will expire December 31, 2008. The sales tax was established to provide revenue for:

Road and bridge improvements	53%
General fund purposes	16%
Expo center and fairboard	20%
Extension service	7%
Rural fire fighting	4%

The voters of Payne County approved an additional 1/8 of 1% sales tax effective April 1, 2000. This sales tax will expire March 31, 2010. The sales tax was established to construct a new administration building and to renovate the existing County courthouse.

6. Embezzlement of Funds

The Oklahoma State Auditor's Office has uncovered an embezzlement scheme perpetrated in the County Treasurer's Office. The suspected employee has been terminated and charges were filed by the District Attorney. The embezzlement did not and will not affect the balances reported herein.

The total amount of the embezzlement was determined to be \$104,495.92 through its duration (June 8, 2004). The County expects to receive full restitution from the employees honesty bond.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
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  
PAYNE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Payne County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated May 25, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and 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 Payne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance 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 the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 98-2 and 2004-1.

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 statements 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, we believe item 98-2 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Payne County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2002-1.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

May 25, 2005

PAYNE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

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**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 98-2 - Segregation of Duties (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Based on inquiries of County personnel, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

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

Recommendation: Management should be aware of these conditions 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 a periodic review of those operations.

**Finding 2002-1 - Financial Statements (Repeat Finding)**

Criteria: For counties who have adopted the County Budget Act per 19 O.S. 2001, Section 1405 states, "The accounting records of each county shall be established and maintained and financial statements prepared therefrom in conformity with generally accepted accounting principles promulgated from time to time by authoritative bodies of the United States...."

Condition: The County has adopted the County Budget Act, however, it does not prepare financial statements in conformity with generally accepted accounting principles as provided by that Act.

Recommendation: We recommend that the County prepare its financial statements in conformity with generally accepted accounting principles as required for counties who have adopted the County Budget Act.

PAYNE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

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**Finding 2004-1 - Misappropriation of Funds (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: The duties of posting receipts, preparing bank deposits and reconciling bank balances to county records were not segregated. This concentration of duties resulted in the opportunity for checks to be substituted for cash payments and/or receipts to be deleted in order to disguise the missing money.

Effect: As of June 30, 2004, \$104,495.92 of Official Depository fund receipts was not deposited with the County's bank.

Recommendation: Management should be aware of these conditions 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 a periodic review of those operations.

**STATISTICAL SECTION**  
**(Unaudited)**

PAYNE COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Brunswick Corporation	\$ 10,747,686	3.62%
Southwestern Bell Telephone	10,262,400	3.45%
Armstrong World Industries Inc.	6,189,905	2.08%
CCA Properties of America, LLC	3,801,577	1.28%
Quebecor World Inc	3,533,517	1.19%
OG&E	2,446,861	0.82%
Shell Pipeline Co LP	2,438,623	0.82%
BP Pipeline (North America) Inc.	2,265,087	0.76%
Wal-Mart Stores East LP	2,202,315	0.74%
Chickasaw Telecommunications	2,175,320	0.73%
Total	<u>\$ 46,063,291</u>	<u>15.49%</u>

Source: (Provided by Oklahoma Tax Commission - Ad Valorem Division)

**PAYNE COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)**

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Total net assessed value as of January 1, 2003		<u>\$ 297,338,080</u>
Debt limit - 5% of total assessed value		14,866,904
Total bonds outstanding	-	
Total judgments outstanding	-	
Cash in sinking fund	<u>\$ -</u>	<u>-</u>
Legal debt margin		<u>\$14,866,904</u>

**PAYNE COUNTY, OKLAHOMA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
**(UNAUDITED)**

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	2004
Estimated population	68,190
Net assessed value as of January 1, 2003	\$ 297,338,080
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**PAYNE COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)**

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<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2003	\$49,278,097	\$33,650,652	\$226,620,908	\$12,211,577	\$297,338,080	\$2,608,228,772