

**PAYNE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, thirty-five 35 copies have been prepared and distributed at a cost of \$92.75. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

May 22, 2007

TO THE CITIZENS OF  
PAYNE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Payne County, Oklahoma, for the fiscal year ended June 30, 2005. 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 black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**PAYNE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**TABLE OF CONTENTS**

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Payne County .....	iii
County Officials and Responsibilities .....	iv
Ad Valorem Tax Distribution.....	ix
Computation of Legal Debt Margin .....	x
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	xi
Assessed Value of Property.....	xii

:

FINANCIAL SECTION

Report of State Auditor and Inspector.....	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information).....	3
Notes to the Financial Statement .....	4

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund .....	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	15
Notes to Other Supplementary Information.....	16

**PAYNE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

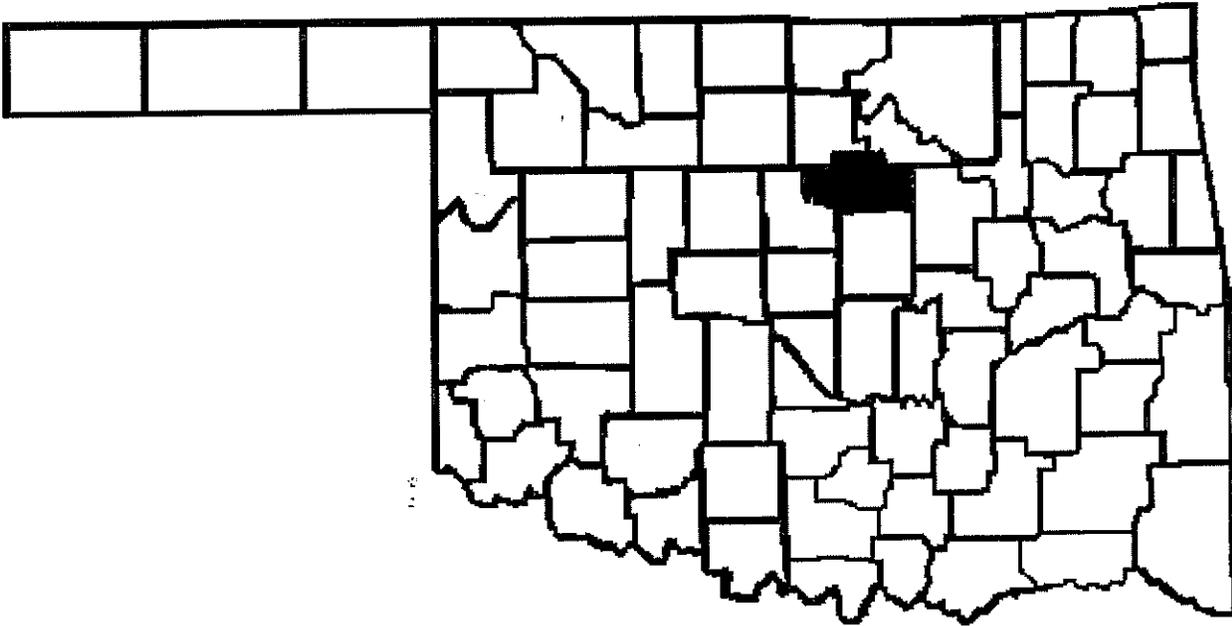
INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* ..... 17

Schedule of Findings and Responses..... 19

REPORT TO THE CITIZENS  
OF  
PAYNE COUNTY, OKLAHOMA

---



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 – 697.13 Square Miles

County Population – 69,675  
(2004 est.)

Farms – 1,445

Land in Farms – 340,629 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**COUNTY ASSESSOR**

Jacquie Rose  
(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.

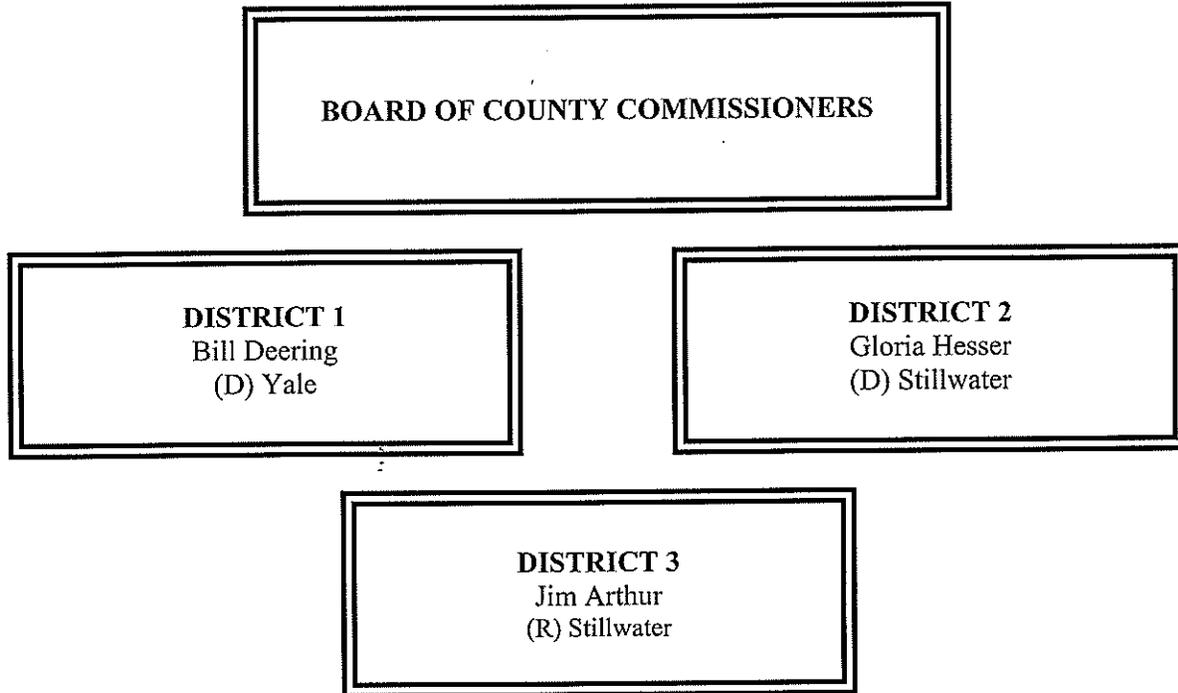
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---



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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**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.

See independent auditor's report.

**PAYNE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**ELECTION BOARD SECRETARY**

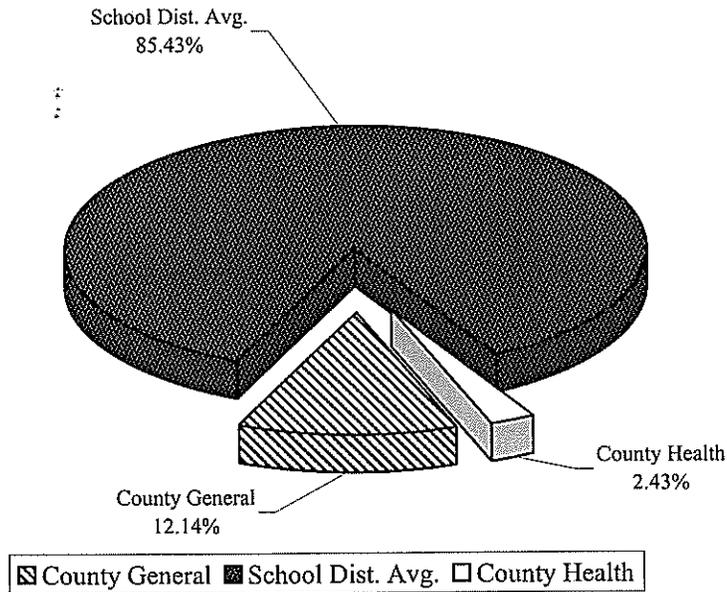
Glenna Craig  
(D) Stillwater

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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						
			Career					
		Gen.	Bldg.	Skg.	Tech	Common	Total	
Co. General	10.00							
County Health	2.00							
<u>Other</u>								
Yale EMS	3.00							
Stillwater	10.76							
		Ripley	35.00	5.00	17.55	13.00	4.00	74.55
		Logan	35.00	5.00	13.80	15.00	4.00	72.80
		Noble- Joint	35.00	5.00	13.51	15.00	4.00	72.51
		Logan	35.00	5.00	6.06		4.00	50.06
		Stillwater	35.00	5.00	22.96	15.00	4.00	81.96
		Creek	35.00	5.00	15.34	13.00	4.00	72.34
		Creek	35.00	5.00	19.47	13.00	4.00	76.47
		Perkins	35.00	5.00	17.16	15.00	4.00	76.16
		Cushing	35.00	5.00	16.69	13.00	4.00	73.69
		Glencoe	35.00	5.00	15.97	15.00	4.00	74.97
		Yale	35.00	5.00	5.08	13.00	4.00	62.08
		Oakgrove	35.00	5.00		13.00	4.00	57.00

See independent auditor's report.

**PAYNE COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)**

---

---

Total net assessed value as of January 1, 2004		<u>\$ 312,269,554</u>
Debt limit - 5% of total assessed value		15,613,478
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	-
Legal debt margin		<u>\$ 15,613,478</u>

See independent auditor's report.

**PAYNE COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
 (UNAUDITED)**

---

	2005
Estimated population	69,675
Net assessed value as of January 1, 2004	\$ 312,269,554
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	\$ -

See independent auditor's report.

**PAYNE COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
 (UNAUDITED)**

---

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2004	\$49,251,340	\$34,565,013	\$240,525,817	\$12,072,616	\$312,269,554	\$2,739,206,614

See independent auditor's report.

11

## 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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Payne County, Oklahoma, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Payne 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.

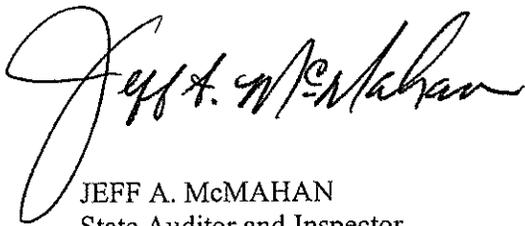
As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between 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 Payne County as of June 30, 2005, 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 Payne County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2007, 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 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.

A handwritten signature in black ink, reading "Jeff A. McMahar". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

April 9, 2007

**Basic Financial Statement**

**PAYNE COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 (WITH COMBINING INFORMATION)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:				
County General Fund	\$ 2,623,852	\$ 6,990,795	\$ 7,039,441	\$ 2,575,206
County Highway	702,135	2,997,579	2,734,798	964,916
Sheriff Training	33,041	1,064	13,355	20,750
Capital Projects	1,775,038	17,472	1,098,000	694,510
Sheriff's Commissary	10,562	14,351	14,866	10,047
Resale	491,356	169,282	222,454	438,184
Sewer- New	27			27
Mechanic Lien Cash Acct	62,282	26,628	16,155	72,755
County Health Department	794,787	671,330	286,987	1,179,130
Sheriff Service Fee	105,110	203,831	169,468	139,473
Grant Monies	7,531	564,939	426,686	145,784
Sheriff Board of Prisoners	30,502	86,391	66,323	50,570
Flood Plain Monies	17,211	211	6,053	11,369
Payne County Tree Planting	373			373
Child Abuse Prevention	1,613	290		1,903
Record Maintenance and Preservation (RM&P)	140,852	94,874	70,564	165,162
County Assessor Fee Revolving	4,921	8,362	2,012	11,271
Solid Waste	20,245	47,242	40,510	26,977
Treasurer Mortgage Certification Fee	111,709	24,052	14,701	121,060
E-911 Monies	332,857	393,918	209,774	517,001
Payne County Insurance Fund	372,183	266,188	191,428	446,943
County Bridge Improvement	524,169	5,542	60,324	469,387
Limited Purpose Sales Tax	250,085	888,883	1,060,270	78,698
<b>Combined Total- All County Funds</b>	<b>\$ 8,412,441</b>	<b>\$ 13,473,224</b>	<b>\$ 13,744,169</b>	<b>\$ 8,141,496</b>

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

PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

---

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

**B. Fund Accounting**

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

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

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

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

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

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

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

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

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

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

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

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.

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 state and federal grants and disbursements are for various items as restricted by the grant agreements.

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

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

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

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.

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

County Assessor Fee Revolving – revenues are from fees charged by the County Assessor (copies, etc.). Disbursements are for any legal expense 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.

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

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

E-911 Monies – revenues are from telephone surcharges. Disbursements are for the County emergency 911 system.

Payne County Insurance Fund – revenues are from other governmental agencies for their portion of insurance premiums for workers' compensation and property insurance.

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

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.

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

**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 May 31 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 Budget Board may approve changes of appropriations within the fund by office or department and object.

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.

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

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:

- 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 4 years earn 10 days per year. Employees with service years between 5 years and 9 years earn 12 days per year. Employees with service years between 10 years and 14 years earn 18 days per year. Employees with service years exceeding 15 years earn 20 days per year. Vacation leave is accrued monthly.

Sick leave benefits are accrued at the rate of 8 hours per month and employees may accumulate up to 130 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

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

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, 2004, was approximately \$312,269,554.

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, 2005, were approximately 95.65 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.

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**4. Risk Management**

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

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

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

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**5. Long-term Obligations**

**Capital Leases**

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

**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$394,633.53, \$395,193.99, and \$373,008, 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.

**PAYNE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**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.

The County 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 County.

**9. 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 firefighting	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.

**OTHER SUPPLEMENTARY INFORMATION**

**PAYNE 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, 2005**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 2,578,499	\$ 2,578,499	\$ 2,623,852	\$ (45,353)
Less: Prior Year Outstanding Warrants	(308,477)	(308,477)	(308,477)	
Less: Prior Year Encumbrances	(406,114)	(406,114)	(406,114)	
Add: Lapsed Balances			30,286	(30,286)
Beginning Cash Balances, Budgetary Basis	<u>1,863,908</u>	<u>1,863,908</u>	<u>1,939,547</u>	<u>(75,639)</u>
Receipts:				
Ad Valorem Taxes	2,966,561	2,966,561	3,069,860	(103,299)
Sales Tax	2,246,540	2,246,540	2,666,650	(420,110)
Charges for Services		344,785	370,292	(25,507)
Intergovernmental Revenues	814,313	650,781	748,665	(97,884)
Miscellaneous Revenues	45,390	45,390	135,328	(89,938)
Total Receipts, Budgetary Basis	<u>6,072,804</u>	<u>6,254,057</u>	<u>6,990,795</u>	<u>(736,738)</u>
Expenditures:				
District Attorney	51,500	51,422	44,372	7,050
Total District Attorney	<u>51,500</u>	<u>51,422</u>	<u>44,372</u>	<u>7,050</u>
County Sheriff	1,239,916	1,255,249	1,212,813	42,436
Capital Outlay	67,830	67,830	67,830	
Total County Sheriff	<u>1,307,746</u>	<u>1,323,079</u>	<u>1,280,643</u>	<u>42,436</u>
County Treasurer	156,829	156,829	146,384	10,445
Total County Treasurer	<u>156,829</u>	<u>156,829</u>	<u>146,384</u>	<u>10,445</u>
County Commissioners	192,851	192,851	189,730	3,121
Total County Commissioners	<u>192,851</u>	<u>192,851</u>	<u>189,730</u>	<u>3,121</u>
OSU Extension	212,910	212,858	208,661	4,197
Capital Outlay	191,386	187,386	320	187,066
Total OSU Extension	<u>404,296</u>	<u>400,244</u>	<u>208,981</u>	<u>191,263</u>
County Clerk	267,562	268,431	256,736	11,695
Total County Clerk	<u>267,562</u>	<u>268,431</u>	<u>256,736</u>	<u>11,695</u>

continued on next page

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

**PAYNE 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, 2005**

Court Clerk	252,257	480,657	462,105	18,552
Total Court Clerk	<u>252,257</u>	<u>480,657</u>	<u>462,105</u>	<u>18,552</u>
County Assessor	238,519	237,215	235,332	1,883
Capital Outlay	1,400	2,500	2,181	319
Total County Assessor	<u>239,919</u>	<u>239,715</u>	<u>237,513</u>	<u>2,202</u>
Revaluation of Real Property	379,841	363,075	363,270	(195)
Capital Outlay		27,800	18,400	9,400
Total Revaluation of Real Property	<u>379,841</u>	<u>390,875</u>	<u>381,670</u>	<u>9,205</u>
General Government	634,543	616,869	361,675	255,194
Capital Outlay		2,000	1,638	362
Total General Government	<u>634,543</u>	<u>618,869</u>	<u>363,313</u>	<u>255,556</u>
Emergency Management	14,000	9,223	9,223	
Capital Outlay		9,554	9,554	
Total Emergency Management	<u>14,000</u>	<u>18,777</u>	<u>18,777</u>	<u>-</u>
Excise/Equalization	1,000	1,000	596	404
Total Excise/Equalization	<u>1,000</u>	<u>1,000</u>	<u>596</u>	<u>404</u>
Election Board	104,263	103,678	101,012	2,666
Capital Outlay		742	742	
Total Election Board	<u>104,263</u>	<u>104,420</u>	<u>101,754</u>	<u>2,666</u>
Fringe Benefits	861,723	861,901	728,647	133,254
Total Fringe Benefits	<u>861,723</u>	<u>861,901</u>	<u>728,647</u>	<u>133,254</u>
Jail Annex	404,097	404,097	366,557	37,540
Total Jail Annex	<u>404,097</u>	<u>404,097</u>	<u>366,557</u>	<u>37,540</u>
Fairboard - Sales Tax	359,413	343,809	317,719	26,090
Capital Outlay	342,501	294,618	32,926	261,692
Total Fairboard - Sales Tax	<u>701,914</u>	<u>638,427</u>	<u>350,645</u>	<u>287,782</u>

continued on next page

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

**PAYNE 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, 2005**

	Original Budget	Final Budget	Actual	Variance
Fire Departments - Sales Tax	263,162	267,162	68,841	198,321
Total Fire Departments - Sales Tax	263,162	267,162	68,841	198,321
Highway Budget	1,613,753	1,613,753	1,583,834	29,919
Total Highway Budget	1,613,753	1,613,753	1,583,834	29,919
County Audit Budget	31,227	31,227	31,227	
Total Audit Budget	31,227	31,227	31,227	-
Building Maintenance	54,229	54,229	35,465	18,764
Total Building Maintenance	54,229	54,229	35,465	18,764
 Total Expenditures, Budgetary Basis	 7,936,712	 8,117,965	 6,857,790	 1,260,175
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 2,072,552	 \$ 2,072,552
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			230,125	
Add: Current Year Outstanding Warrants			272,529	
 Ending Cash Balance			 <u>\$2,575,206</u>	

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

**PAYNE 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, 2005**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 794,787	\$ 794,787	\$ 794,787	\$ -
Less: Prior Years Outstanding Warrants	(6,419)	(6,419)	(6,419)	
Less: Prior Year Encumbrances	(12,595)	(12,595)	(12,595)	
Add: Lapsed Balances			1,872	(1,872)
Beginning Cash Balances, Budgetary Basis	<u>775,773</u>	<u>775,773</u>	<u>777,645</u>	<u>(1,872)</u>
Receipts:				
Ad Valorem Taxes	593,312	593,312	614,147	(20,835)
Charges for Services		30,178	30,178	
Intergovernmental Revenues	16	16	1,488	(1,472)
Miscellaneous Revenues	4,000	4,000	25,517	(21,517)
Total Receipts, Budgetary Basis	<u>597,328</u>	<u>627,506</u>	<u>671,330</u>	<u>(43,824)</u>
Expenditures:				
Health and Welfare	1,193,101	1,223,279	308,644	914,635
Capital Outlay	180,000	180,000	3,678	176,322
Total Expenditures, Budgetary Basis	<u>1,373,101</u>	<u>1,403,279</u>	<u>312,322</u>	<u>1,090,957</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,136,653	<u>\$1,136,653</u>
Reconciliation to Statement of Receipts Disbursements and Changes in Cash Balances				
Add: Current Year Encumbrances			30,329	
Add: Current Year Outstanding Warrants			12,148	
Ending Cash Balance			<u>\$1,179,130</u>	

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

**PAYNE COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**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

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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Payne County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Payne County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 9, 2007. 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 Payne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Payne County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 98-2, 2005-1, 2005-2, and 2005-4.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Payne 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 2002-1 and 2005-3.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN  
State Auditor and Inspector

April 9, 2007

**PAYNE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**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: The overall goal of accounting principles generally accepted in the United States of America as they relate to governmental entities is to demonstrate accountability and stewardship to be 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.

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.

Views of responsible officials and planned corrective actions: We are aware of this condition and have tried to provide additional oversight; however, due to limited funds and personnel this condition cannot be corrected.

SA&I response: The most effective controls lie in management's knowledge of office operations and a periodic review of those operations.

**Finding 2005-1—Bank Reconciliations - Official Depository Account**

Criteria: The overall goal of accounting principles generally accepted in the United States of America as they relate to governmental entities is to demonstrate accountability and stewardship to be used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, a reconciliation should be performed between the official depository bank account and the County's general ledger.

Condition: Based on test work procedures performed, it appears that a bank reconciliation has not been performed for the official depository account since November 2003.

Recommendation: We recommend management take steps to ensure that a bank reconciliation is performed for the official depository account on a monthly basis and that the reconciliation be approved/reviewed by someone other than the preparer.

Views of responsible officials and planned corrective actions: This will be corrected immediately and bank reconciliations will be brought up-to-date.

**PAYNE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**Finding 2005-2—Treasurer’s Tax Collection Summary**

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. The County Treasurer shall prepare and maintain a Tax Collection Summary at June 30 for the preceding tax year.

Condition: A Tax Collection Summary, which shows for each school district the original tax roll amount, tax roll corrections, total collections, uncollected taxes, and percent of taxes collected, was not prepared by the Treasurer’s office.

Recommendation: We recommend that management continue to work with the computer programmer to ensure that a Tax Collection Summary is prepared by June 30 for the preceding tax year.

Views of responsible officials and planned corrective actions: The County is currently trying to obtain a new software package that will better suit the County’s needs.

**Finding 2005-4—Sheriff Payroll**

Criteria: The overall goal of accounting principles generally accepted in the United States of America for governmental entities is to demonstrate accountability and stewardship to be used in evaluating management’s accounting of funds. To ensure proper accounting of funds, time sheets should be required for all employees and filed with the County Clerk’s office.

Condition: During test work of payroll, we found that the Sheriff’s department does not complete time sheets for all of their deputies. In addition, we found that for those deputies that did complete time sheets, no time records were filed with the County Clerk’s office.

Recommendation: We recommend that all county employees (except for elected officials) submit completed time sheets to their superior at least once per month, being signed by both the employee and their supervisor/elected official. We further recommend the timesheets be filed with the County Clerk’s office on a monthly basis.

Views of responsible officials and planned corrective actions: This has been corrected as of April 9, 2007.

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

Criteria: For counties who have adopted the County Budget Act per 19 O.S. § 1405 which states in part, “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 in the United State of America...”

**PAYNE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

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.

Views of responsible officials and planned corrective actions: Due to the limited amount of funds available, the County cannot comply with statutory requirements

**Finding 2005-3—Sheriff's Commissary Sales Tax Reports**

Criteria: Title 68 O.S. § 1352.21.a. states, "any person making sales of tangible personal property or services in this state, the gross receipts or gross proceeds from which are taxed by the Oklahoma Sales Tax Code."

Condition: An annual sales tax report was not prepared and filed with OTC during fiscal year 2004 and fiscal year 2005.

Recommendation: We recommend that accurate sales tax reports be filed annually with OTC in accordance with all Oklahoma sales tax codes.

Views of responsible officials and planned corrective actions: This has been corrected as of April 9, 2007.