

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

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, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

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

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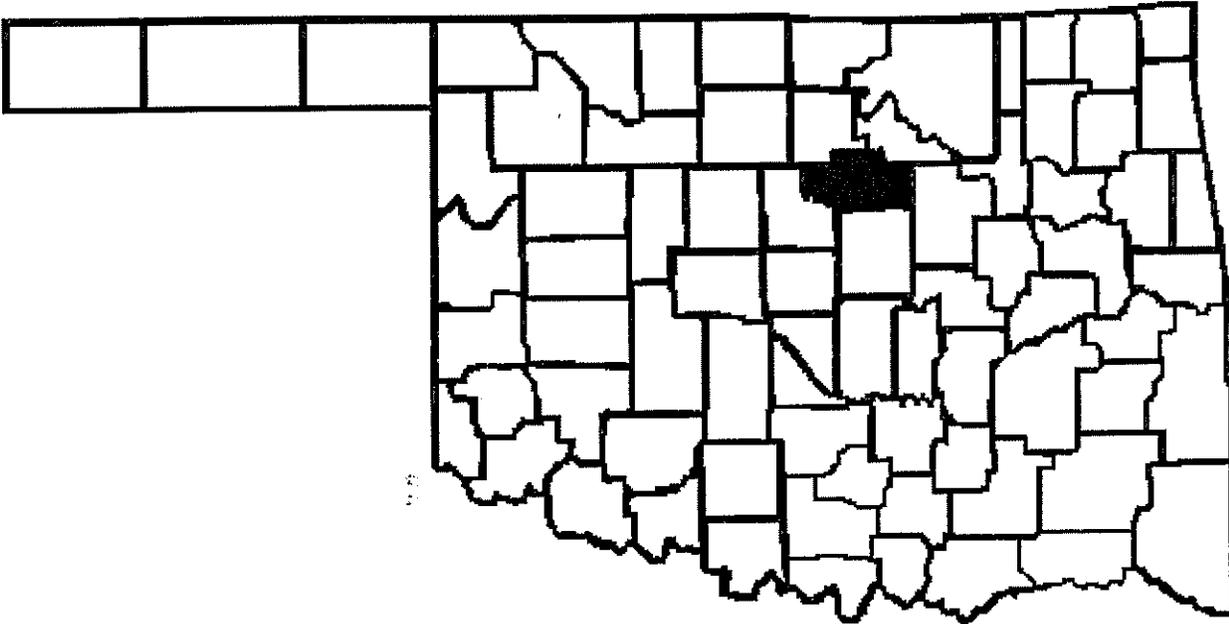
**PAYNE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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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, 2006**

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

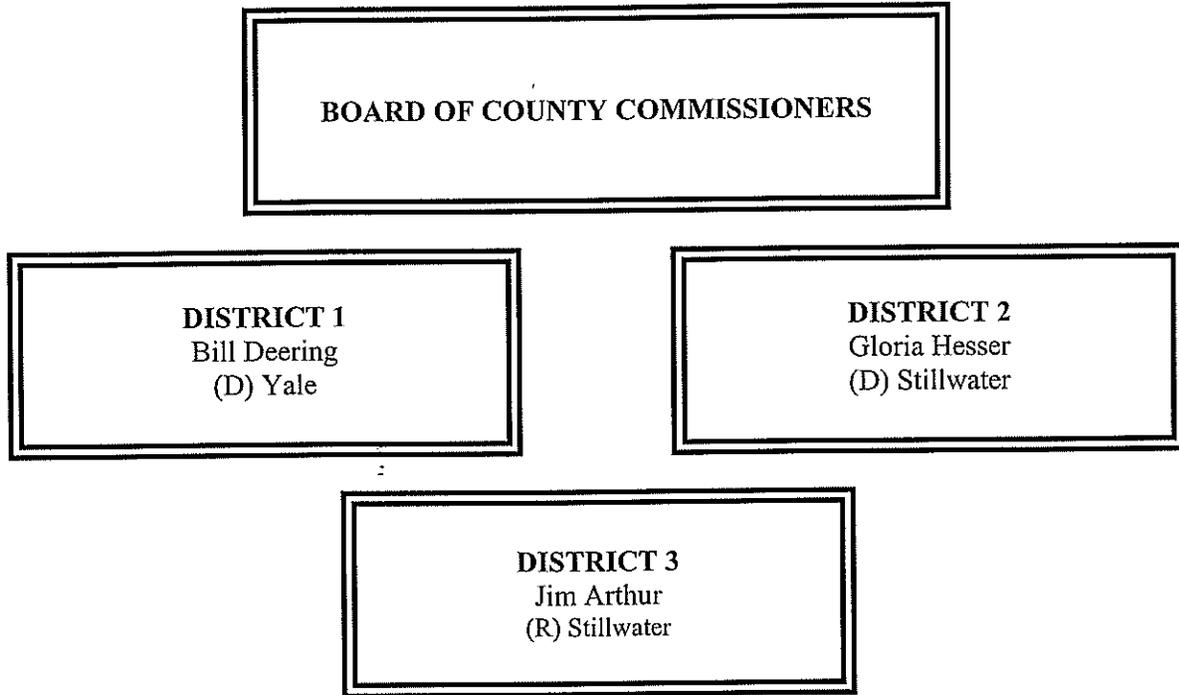
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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, 2006**



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, 2006**

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, 2006**

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, 2006**

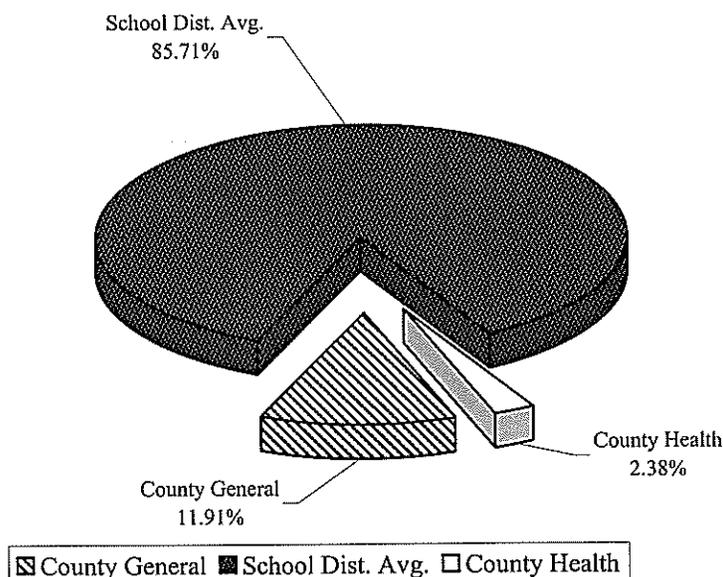
<p>ELECTION BOARD SECRETARY Glenna Craig (D) Stillwater</p>
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

**PAYNE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages							
			Gen.	Bldg.	Skg.	Career Tech	Common	Total	
Co. General	10.00	Ripley	35.00	5.00	14.66	13.00	4.00	71.66	
County Health	2.00	Logan	35.00	5.00	13.11	15.00	4.00	72.11	
Other		Noble- Joint	35.00	5.00	20.07	15.00	4.00	79.07	
Yale EMS	3.00	Logan	35.00	5.00	13.03		4.00	57.03	
Stillwater	7.19	Stillwater	35.00	5.00	23.71	15.00	4.00	82.71	
		Creek	35.00	5.00	15.08	13.00	4.00	72.08	
		Creek	35.00	5.00	20.67	13.00	4.00	77.67	
		Perkins	35.00	5.00	19.05	15.00	4.00	78.05	
		Cushing	35.00	5.00	15.37	13.00	4.00	72.37	
		Glencoe	35.00	5.00	23.25	15.00	4.00	82.25	
		Yale	35.00	5.00	4.93	13.00	4.00	61.93	
		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, 2006
(UNAUDITED)**

Total net assessed value as of January 1, 2005		<u>\$ 336,986,107</u>
Debt limit - 5% of total assessed value		16,849,305
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 16,849,305</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, 2006
(UNAUDITED)**

	2006
Estimated population	69,675
Net assessed value as of January 1, 2005	\$ 336,986,107
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, 2006
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2005	\$52,844,159	\$39,242,056	\$257,046,250	\$12,146,358	\$336,986,107	\$2,956,018,482

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 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, 2006, 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, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Payne County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

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



JEFF A. McMAHAN
State Auditor and Inspector

April 9, 2007

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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, 2006**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:				
County General Fund	\$ 2,575,206	\$ 7,996,619	\$ 7,090,087	\$ 3,481,738
County Highway	964,916	3,182,415	3,135,148	1,012,183
Sheriff Training Fund	20,750	10,309	9,311	21,748
Capital Projects	694,510	244,231	554,500	384,241
Sheriff's Commissary	10,047	14,777	11,965	12,859
Resale	438,184	642,269	182,497	897,956
Sewer- New	27			27
Mechanic Lien Cash Acct	72,755	35,453	16,434	91,774
County Health Dept.	1,179,130	782,228	409,622	1,551,736
Sheriff Service Fee	139,473	249,446	217,252	171,667
Grant Monies	145,784	2,227,338	2,260,085	113,037
Sheriff Board of Prisoners	50,570	86,144	99,752	36,962
Flood Plain Monies	11,369	253	9,990	1,632
Payne County Tree Planting	373			373
Child Abuse Prevention	1,903	160		2,063
Record Maintenance and Preservation	165,162	128,273	134,770	158,665
County Assessor Fee Revolving	11,271	10,422	1,545	20,148
Solid Waste	26,977	11,924	19,632	19,269
Treasurer Mtg Cert	121,060	26,816	827	147,049
E-911 Monies	517,001	345,025	239,097	622,929
County Bridge Improvement	469,387	984,950	974,395	479,942
Limited Purpose Sales Tax	78,698	36,477	60,000	55,175
Sheriff Courthouse Security		61,999	33,903	28,096
Payne County Insurance Fund	446,943	252,640	61,128	638,455
Combined Total- All County Funds	\$ 8,141,496	\$ 17,330,168	\$ 15,521,940	\$ 9,949,724

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, 2006**

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.

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

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

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 federal grants, federal contracts, state programs 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 (RM&P) - 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 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.

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

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

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

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.

Sheriff Courthouse Security - accounts for collections of fees assessed for criminal and traffic cases filed in the Court Clerk's office. Disbursements are for enhancing existing or providing additional courthouse security.

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

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.

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

E. Cash

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

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- 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.

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

2. Ad Valorem Tax

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

The assessed property value as of January 1, 2005, was approximately \$336,986,107.

The County levied 10.00 mills (the legal maximum) for general fund operations and 2 mills for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2006, were approximately 97.62 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, 2006**

4. Risk Management

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

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers Liability • Vehicle 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County 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, 2006**

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 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004 were \$501,784.66, \$394,633.53, and \$395,193.99, 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, 2006**

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	53.00%
General fund purposes	16.00%
Expo center and fairboard	20.00%
Extension service	7.00%
Rural firefighting	4.00%

The voters of Payne County approved 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, 2006

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 2,575,206	\$2,575,206	\$2,575,206	\$ -
Less: Prior Years Outstanding Warrants	(271,408)	(271,408)	(271,408)	
Less: Prior Year Encumbrances	(230,125)	(230,125)	(230,125)	
Add: Lapsed Balances			74,671	(74,671)
Beginning Cash Balances, Budgetary Basis	<u>2,073,673</u>	<u>2,073,673</u>	<u>2,148,344</u>	<u>(74,671)</u>
Receipts:				
Ad Valorem Taxes	3,133,971	3,133,971	3,412,544	(278,573)
Sales Tax	2,399,985	2,399,985	2,944,356	(544,371)
Charges for Services		338,439	408,599	(70,160)
Intergovernmental Revenues	807,677	643,875	951,572	(307,697)
Miscellaneous Revenues	65,154	260,643	279,548	(18,905)
Total Receipts, Budgetary Basis	<u>6,406,787</u>	<u>6,776,913</u>	<u>7,996,619</u>	<u>(1,219,706)</u>
Expenditures:				
District Attorney	51,500	51,495	46,379	5,116
Total District Attorney	<u>51,500</u>	<u>51,495</u>	<u>46,379</u>	<u>5,116</u>
County Sheriff	1,288,743	1,300,788	1,279,989	20,799
Capital Outlay	42,000	42,000	39,579	2,421
Total County Sheriff	<u>1,330,743</u>	<u>1,342,788</u>	<u>1,319,568</u>	<u>23,220</u>
County Treasurer	177,442	177,442	152,896	24,546
Total County Treasurer	<u>177,442</u>	<u>177,442</u>	<u>152,896</u>	<u>24,546</u>
County Commissioners	228,340	232,040	221,783	10,257
Total County Commissioners	<u>228,340</u>	<u>232,040</u>	<u>221,783</u>	<u>10,257</u>
OSU Extension	200,844	196,617	173,979	22,638
Capital Outlay	204,426	204,426	6,389	198,037
Total OSU Extension	<u>405,270</u>	<u>401,043</u>	<u>180,368</u>	<u>220,675</u>
County Clerk	278,140	278,871	278,641	230
Total County Clerk	<u>278,140</u>	<u>278,871</u>	<u>278,641</u>	<u>230</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, 2006

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	264,592	620,792	606,560	14,232
Total Court Clerk	<u>264,592</u>	<u>620,792</u>	<u>606,560</u>	<u>14,232</u>
County Assessor	308,679	308,126	299,812	8,314
Capital Outlay		14,000	13,475	525
Total County Assessor	<u>308,679</u>	<u>322,126</u>	<u>313,287</u>	<u>8,839</u>
Revaluation of Real Property	371,157	350,255	346,878	3,377
Capital Outlay	2,000	12,899	7,266	5,633
Total Revaluation of Real Property	<u>373,157</u>	<u>363,154</u>	<u>354,144</u>	<u>9,010</u>
General Government	522,132	517,549	359,026	158,523
Capital Outlay	11,016	11,016	6,964	4,052
Total General Government	<u>533,148</u>	<u>528,565</u>	<u>365,990</u>	<u>162,575</u>
Excise-Equalization Board	1,650	1,650	759	891
Total Excise-Equalization Board	<u>1,650</u>	<u>1,650</u>	<u>759</u>	<u>891</u>
County Election Board	112,835	116,729	115,551	1,178
Total County Election Board	<u>112,835</u>	<u>116,729</u>	<u>115,551</u>	<u>1,178</u>
Insurance	1,161,925	1,168,467	1,052,991	115,476
Total Insurance	<u>1,161,925</u>	<u>1,168,467</u>	<u>1,052,991</u>	<u>115,476</u>
Emergency Management	2,000	2,000	35	1,965
Total Emergency Management	<u>2,000</u>	<u>2,000</u>	<u>35</u>	<u>1,965</u>
Jail Annex	427,394	427,394	418,393	9,001
Total Jail Annex	<u>427,394</u>	<u>427,394</u>	<u>418,393</u>	<u>9,001</u>
Fairboard - Sales Tax	468,991	460,582	377,672	82,910
Capital Outlay	394,771	394,772	50,106	344,666
Total Fairboard - Sales Tax	<u>863,762</u>	<u>855,354</u>	<u>427,778</u>	<u>427,576</u>
Fire Department - Sales Tax	328,192	328,385	118,169	210,216
Total Fire Department - Sales Tax	<u>328,192</u>	<u>328,385</u>	<u>118,169</u>	<u>210,216</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, 2006

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Highway Budget	1,545,873	1,545,873	1,446,259	99,614
Total Highway Budget	1,545,873	1,545,873	1,446,259	99,614
County Audit Budget	33,698	33,698	33,698	
Total Audit Budget	33,698	33,698	33,698	-
Building Engineer	52,120	50,720	45,753	4,967
Capital Outlay		2,000		2,000
Total Building Engineer	52,120	52,720	45,753	6,967
Total Expenditures, Budgetary Basis	8,480,460	8,850,586	7,499,002	1,351,584
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	2,645,961	\$ 2,645,961
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			515,273	
Add: Current Year Outstanding Warrants			320,281	
Add: Estopped Warrants			223	
Ending Cash Balance			<u>\$ 3,481,738</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, 2006

	County Health Department Fund			
	Original	Final		Variance
	Budget	Budget	Actual	
Beginning Cash Balances	\$ 1,179,129	\$1,179,129	\$1,179,130	\$ (1)
Less: Prior Years Outstanding Warrants	(12,148)	(12,148)	(12,148)	
Less: Prior Year Encumbrances	(30,329)	(30,329)	(30,329)	
Add: Lapsed Balances			26,160	(26,160)
Beginning Cash Balances, Budgetary Basis	<u>1,136,652</u>	<u>1,136,652</u>	<u>1,162,813</u>	<u>(26,161)</u>
Receipts:				
Ad Valorem Taxes	626,794	626,794	680,917	(54,123)
Intergovernmental Revenues	1,190	1,190	29,720	(28,530)
Miscellaneous Revenues	11,069	28,448	71,591	(43,143)
Total Receipts, Budgetary Basis	<u>639,053</u>	<u>656,432</u>	<u>782,228</u>	<u>(125,796)</u>
Expenditures:				
Health and Welfare	1,575,705	1,575,705	424,018	1,151,687
Capital Outlay	200,000	217,379	24,976	192,403
Total Expenditures, Budgetary Basis	<u>1,775,705</u>	<u>1,793,084</u>	<u>448,994</u>	<u>1,344,090</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,496,047	<u>\$1,496,047</u>
Reconciliation to Statement of Receipts Disbursements and Changes in Cash Balances:				
Add: Current Year Encumbrances			49,587	
Add: Current Year Outstanding Warrants			6,102	
Ending Cash Balance			<u>\$1,551,736</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, 2006**

Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year, unencumbered appropriations lapse.

2

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, 2006, 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

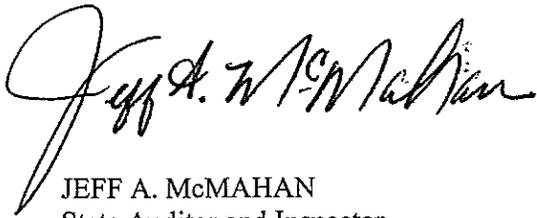
In planning and performing our audit, we considered Payne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. 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.

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

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, 2006**

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 (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, 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, 2006**

Finding 2005-2—Treasurer’s Tax Collection Summary (Repeat Finding)

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 (Repeat Finding)

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, 2006**

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 (Repeat Finding)

Criteria: Title 68 O.S. § 1352.2E.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.