



State Auditor & Inspector Cindy Byrd

November/December 2020



## Where Do My Property Taxes Go?

### Property Taxes and The Services They Support

Government at every level impacts our lives. Perhaps this is most evident at the local level. If you own property, you pay property taxes in Oklahoma. Some of these taxes fund County Government.

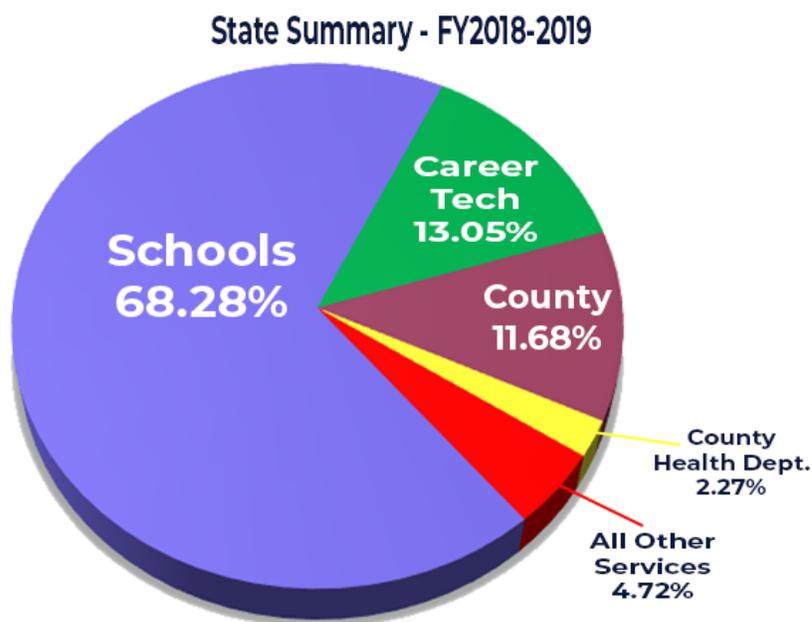
County officials, the offices they run, and the services they provide to taxpayers may be more scrutinized than any other level of government. They are a

microcosm of state government in that each official plays a specific role in the delivery of services and safeguarding public assets. From each Board of County Commissioners to the Assessor who determines the value of your property, county officials work hard to ensure transparency and accountability in the receipt and expenditure of county funds.

Along with the hustle and bustle that comes with the holiday season, you'll find county treasurers experiencing their own flurry of activity as they work to process property tax payments – the first half of which are due by December 31<sup>st</sup>.

Ad valorem taxes are those taxes property owners pay to fund a number of local government services and programs in each county of the state. One thing these taxes do not fund is county road and bridge projects. Funding for transportation comes from the state primarily through motor fuel taxes.

Property owners pay \$1 dollar in ad valorem tax for every \$1000 of total net assessed valuation. Where this money goes varies by county. The largest share in every county funds education.



As you can see in the FY2018-2019 State Summary pie chart, schools in a county average 68.28% of all property taxes collected annually. A county's share of these taxes averages 11.68% of property taxes paid each year.

The amount of funding to various school general fund accounts can vary wildly from

one county to the next – particularly comparing rural counties to the state's more populous counties.

For instance, in Grant County, 81.7% of ad valorem taxes go to support education including school general funds, building funds, and sinking funds. In Beaver County, education funding for these three funds totals 80.9%.

By comparison, Tulsa county sends 61.7% to fund schools while Oklahoma County's share is 62.3% and Cleveland County portions 66.2%.

Property taxes vary among counties too. In most counties, they also support school building and sinking funds, county general and sinking funds, and the county health department. Where applicable, ad valorem dollars also go to career-tech general, building and sinking funds. Other services might include

junior college general and sinking funds, emergency medical district general and sinking funds, or a city's sinking fund.

A bulk of some county revenue comes from the county sales tax and can dwarf property tax revenue. For instance, in FY19, Kingfisher County collected \$3.27 million in property tax and \$18.99 million in sales & use tax revenue – almost six times greater than property tax revenue.

Conversely, Oklahoma County property taxes totaled \$73.26 million compared to \$269 in sales & use tax funding.

The County Training Program at Oklahoma State University gathers data from the State Auditor's Office, the county treasurers, clerks, and assessors, the Oklahoma Tax Commission, and other entities to compile a virtual treasure trove of information on county revenues and expenditures. You'll find a complete list of reports dating back to the early part of this century [here](#).

## The what, when, and how for a State Audit - FAQs

### The statutory limits on government auditing.



#### Can the State Auditor just audit whatever she wants?

In Oklahoma, the State Constitution created the State Auditor & Inspector to examine the state and all county treasurers' books and accounts twice each year and to create a uniform system of bookkeeping for all treasurers. The state legislature was given the authority to decide all other duties of the State Auditor & Inspector.

The duties and the ability to conduct specific types of audits are found in 74 O.S. § 212 of state law and explain both the types of audits the State Auditor must conduct and those audits that must first be formally requested as well as who can do the requesting.

The Auditor only audits public sector entities – not private sector companies or individuals.

## **So, who gets audited?**

Every public body is required to have a *Financial Statement Audit* every year. The State Auditor conducts this type of audit for the state and Oklahoma's 77 counties.

School districts, municipalities, and public trusts and authorities hire private sector accountants or firms to conduct this annual audit.

## **The auditor can't just start an audit to look for fraud or waste of public funds?**

For audits that go beyond reviewing financial records, like a *Performance Audit* or a *Special Investigative (Forensic) Audit*, the State Auditor must be asked and is statutorily prohibited from conducting this type of audit without a formal request.

A request for a *Special Audit* may come from the Governor, Attorney General, local district attorney, governing board, or by citizen petition.

For a *Performance Audit*, the request may come from the Governor, chief executive officer of a governmental entity, or through a joint or concurrent resolution of the Legislature.

## **Then, different audits tell you different things?**

If you want to know whether a public entity's financial records provide a fair picture of the entity's finances, a *Financial Statement Audit* usually provides that information. This is the most common audit and is required annually of all government entities.

If you want to know whether a program, project, or even an entire public entity is effectively and efficiently delivering government services, a *Performance Audit* will spell it out.

If you're concerned public funds are being misspent, misappropriated, or otherwise used for personal gain, a *Special Audit* is that "turn over every rock" type of audit that digs deep to ensure public assets are being properly safeguarded.

## **What happens if the auditor finds something wrong?**

With every type of audit, our office works with the entity under audit to help them do a better job of protecting tax dollars. We never identify a problem without offering a solution and we make recommendations to improve accountability and transparency for taxpayers.

If we identify a potential criminal violation of state law, the audit report is submitted to the appropriate law enforcement agency for its consideration.

Special Audits requested by the Attorney General or a local District Attorney are designed to identify or dispel allegations of wrongdoing by providing the facts that would either support the allegation or dismiss the concern. When wrongdoing is found, the decision whether to prosecute belongs to the Attorney General or local District Attorney.

## Why Do Audits Take So Long?

Accuracy. Facts. Accountability.  
Transparency. Thoroughness.

These are the cornerstone of every type of audit conducted by the Office of the State Auditor & Inspector.

From planning to publication of the final report, the entire process is methodical in nature.

Access to documentation and cooperativeness by the auditee also plays a role in the time an audit takes to complete.



On average, an audit takes about six months. During this time, auditors may have several audits underway to avoid down time waiting for document production, interview scheduling, follow-up, and review, review, review of an audit report's content and its supporting documentation.

That supporting documentation, also known as workpapers, is critical to determining if a subject or finding is included in the final report. If it can't be proven as factual, it isn't included in the audit.

Most audits are conducted in accordance with rigorous federal auditing standards. These also play a role in the time needed to complete an audit.

While many factors can contribute to extending an audit's release – communication, access, responsiveness, and an entity properly executing internal controls and safeguards increase the timeliness of an audit's publication.

The State Auditor has improved its software technology that aids both the auditor and the audit process by significantly reducing things like sampling, reconciliation, and other computations. These technological tools also improve the identification of anomalies and other red flags in an entity's financial data.

Competence over quickness is the rule of thumb in auditing. If we can't prove it – we don't include it. Conversely, if an allegation of wrongdoing is found to be baseless, we say so.

In our world it's, "Just the facts."

## The Spirit of Giving

### The Christmas Family – An Annual Event

We all know the sparkle in a child's eye on Christmas morning. The waiting, the wonder, the simple joy in the treasures stacked under the tree.

For too many Oklahoma families, both gifts and a special meal on Christmas Day are beyond their ability to afford. They're struggling to just make ends meet and provide life's basic essentials.

The staff of the Oklahoma City-based State Agency, Performance, Forensic, Information Services, and Special Audit Divisions, along with agency administrative staff have come together for more than two decades to sponsor a Christmas family.

In 2020, our employees chose both an organization and a family to support this holiday.

The Care Share Program at Putnam City Schools seeks assistance each year for more than 300 children on its list. Donors can sponsor a child, purchase bicycles, or contribute cash. This year, our staff sent \$200 to the organization.

The divisions also sponsored a family consisting of a single mom with three children ages seven, three, and one. The oldest child is autistic, and his mom has been working hard to provide therapy for his special needs.



Employees contributed funds to provide gifts for all three children plus a \$50 gift card to Walmart for Christmas dinner groceries and stocking stuffers, a \$50 gift card to Qdoba (their favorite restaurant), and a \$30 gift card to Bath & Body Works so the mom can have a treat for herself.

Over the years, personnel in these divisions have provided more than \$20,000 in gifts and gift cards to help make the holiday merrier.

While they may help young eyes sparkle a little brighter, the true joy comes from doing the small things that mean so much to someone else.

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## Remembering Foster Children

### A letter sent to the wrong address started a tradition!



In November 2014, our County Audit Division's Tulsa Regional Office had recently relocated to the Sun Building. As it happened, a piece of mail for the former occupant was delivered to our new address.

The letter was from Tulsa Advocates for the Protection of Children (TAPC). Although meant for the previous tenant, our employees mistakenly opened the letter and learned about the program to adopt foster children at Christmas time.

After discussing the program, our employees seized upon the opportunity to participate. The office now reaches out to TAPC every November and requests two children – a girl and boy in the 9-12-year age range – to whom they can provide Christmas gifts.

When the list with the children's wishes is received, the information is shared with the Tulsa office staff and everyone chooses to

either donate money or shop for specific items.

"There has yet to be a year that we haven't been able to fulfill the children's wish lists, thankfully," said Audit Supervisor Adrian Horn.

True to form, for the seventh straight year, the wish lists of this holiday's recipients are complete.

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## Halloween – Young at Heart

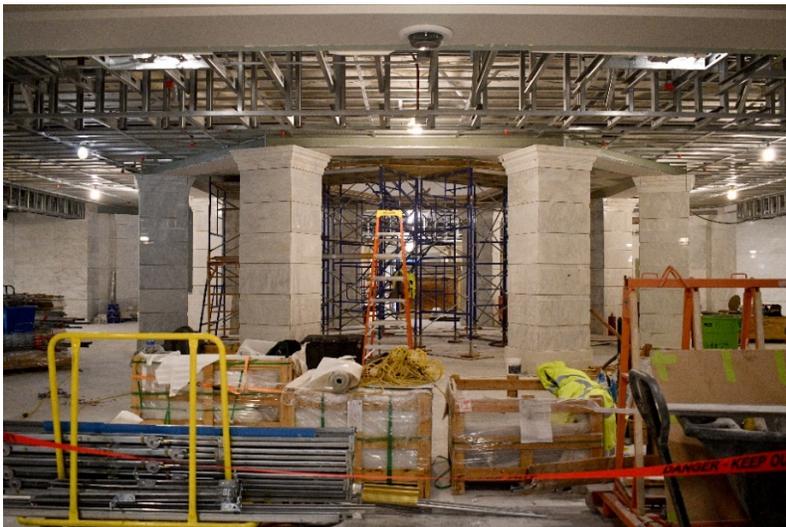
Like many offices across the state, the impact of COVID-19 has resulted in employees being exposed to someone with the virus, contracting the virus, and experiencing quarantine, distance learning for those with school age children, and a lifestyle far different than just eight months ago.



Auditors in our County Audit Division, Tulsa Regional Office, decided wearing a Halloween costume to work was one annual event they could not forego. So, here they are (trying not to breath) as they quickly take a pic.

The auditors who work out of Tulsa conduct *Financial Statement Audits* in Tulsa, Wagoner, Cherokee, Adair, Delaware, Mayes, Rogers, Washington, Nowata, Craig, and Ottawa counties. This group conducts the *Tulsa County Comprehensive Annual Financial Report (CAFR)* and the *Single Audit* of federal funds for those counties meeting this audit requirement.

## New Capitol Rotunda



Not far from the new Visitor Center Entrance at the State Capitol, work is progressing on the Ground level rotunda.

For its first 100+ years, the Capitol's basement was primarily used by state employees who worked in the building.

The \$245 million restoration has completely changed the focus of this space from offices and storage to enhanced visitor amenities.

When completed, the new Ground level will host public gatherings with increased floor space, the Capitol gift shop, improved dining options, and expansion of the building's rotunda.

Unlike the original materials used in the initial construction and restoration in the rest of the building, gleaming marble now covers the floor and adorns exposed support columns on the renovated Ground level.

At the center of it all, a new state seal will be inlaid and, gazing upward, you'll be able to view the interior of the Capitol dome some six stories above.