

COUNTY AUDIT

CANADIAN COUNTY

For the fiscal years ended June 30, 2009 and June 30, 2010



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**CANADIAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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Oklahoma State Auditor & Inspector

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October 4, 2011

TO THE CITIZENS OF
CANADIAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Canadian County, Oklahoma for the fiscal years ended June 30, 2009 and June 30, 2010.

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.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**CANADIAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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**CANADIAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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Comparative Schedule of Receipts, Expenditures, and Changes in Cash
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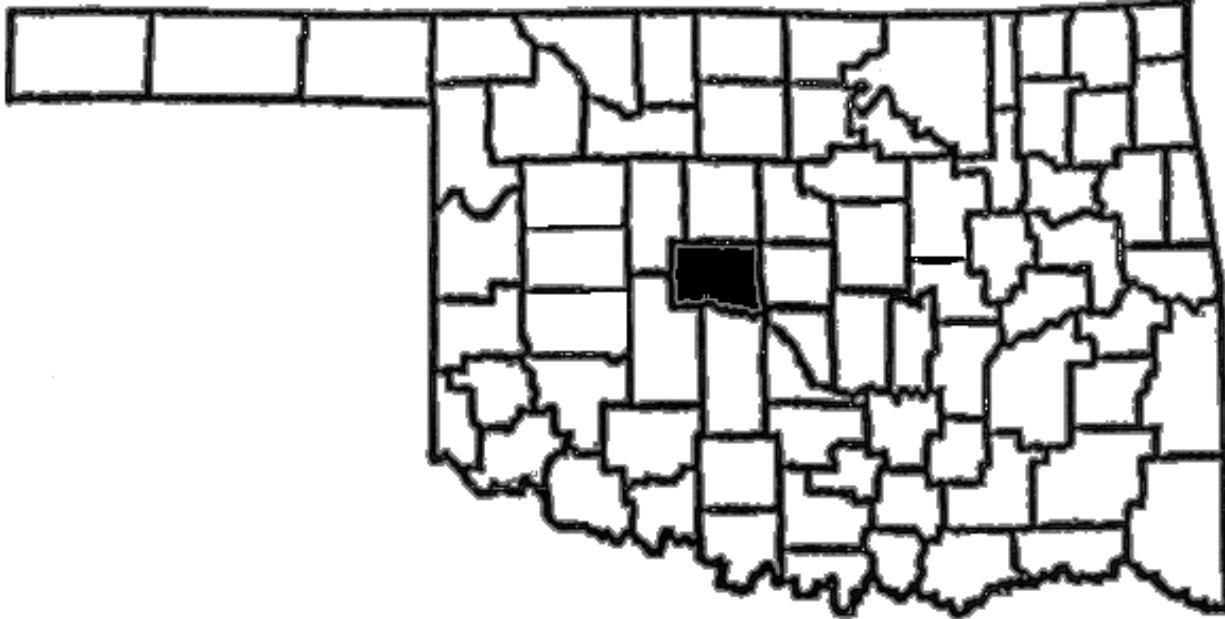
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**REPORT TO THE CITIZENS
OF
CANADIAN COUNTY, OKLAHOMA**



This county was once part of the Cheyenne and Arapaho reservation, administered by the Darlington Agency. It was opened by the Run of '89 and the Run of '92, but the southwest corner of the county, part of the Caddo Reservation, was opened by lottery in 1901.

Fort Reno, established in 1874 to maintain order on the reservation, later served as a cavalry remount station. During World War II, it served as a prisoner-of-war camp.

The economy of Canadian County is based largely on agriculture.

County Seat – El Reno

Area – 905.17 Square Miles

County Population – 103,559
(2007 est.)

Farms – 1,447

Land in Farms – 508,771 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor's report.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

COUNTY ASSESSOR

Matt Wehmuller

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

Shelley Dickerson

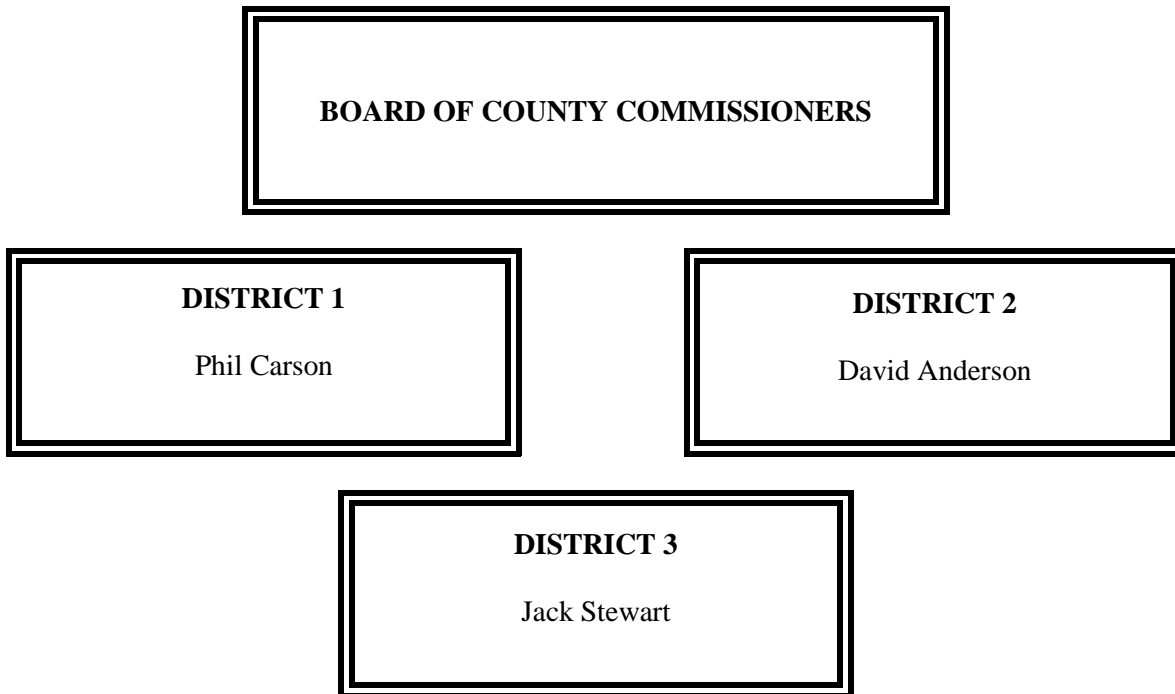
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**



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.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

COUNTY SHERIFF

Randall Edwards

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

Carolyn Leck

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.

See independent auditor's report.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

COURT CLERK

Marie Ramsey

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.

DISTRICT ATTORNEY

Mike Fields

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.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

ELECTION BOARD SECRETARY

Wanda Arnold

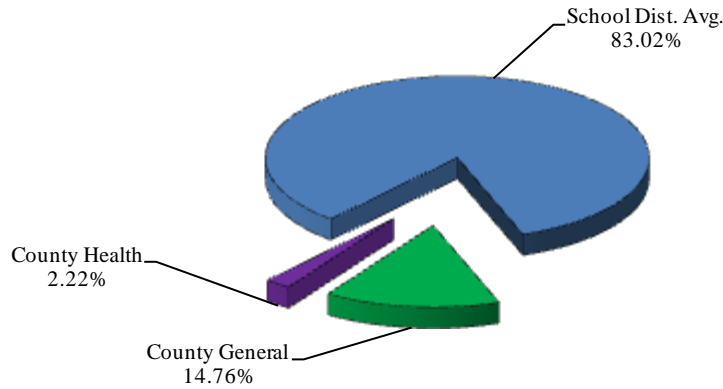
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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.

See independent auditor's report.

**CANADIAN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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.

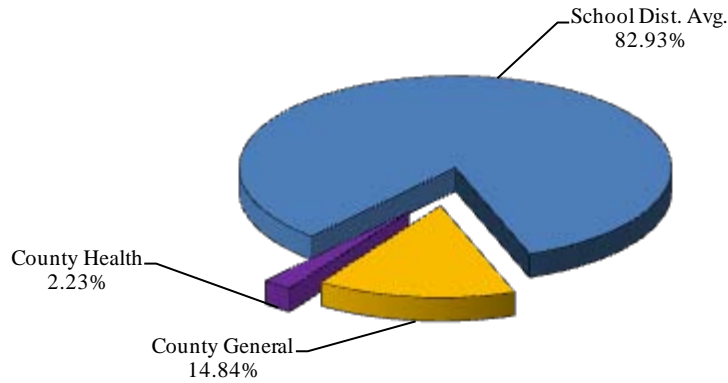


County-Wide Millages		School District Millages									
		Gen	Bldg	Skg	Career Tech	Career Tech Bldg.	Common	EMS	Rural Fire Dept.	Total School	Total Levy
County General	10.39										
County Health	1.56										
		Minco	38.46	5.49	23.42	10.40	5.20	4.16		87.13	99.08
		Deer Creek	35.38	5.05	33.92	10.11	5.05	4.16		93.67	105.62
		Lookeba-Sickles	42.96	6.14	10.03	10.43	1.04	4.16	3.08	77.84	89.79
		Piedmont	36.75	5.25	31.54	10.40	5.20	4.16	7.00	93.30	105.25
		Yukon	36.53	5.22	26.77	10.40	5.20	4.16	7.00	88.28	100.23
		Yukon/City	36.53	5.22	26.77	10.40	5.20	4.16		88.28	100.23
		Riverside	36.01	5.14		10.40	5.20	4.16	7.00	60.91	72.86
		Banner	36.12	5.16	3.10	10.40	5.20	4.16		64.14	76.09
		El Reno	36.01	5.14	21.20	10.40	5.20	4.16		82.11	94.06
		Union City	36.17	5.17	20.76	10.40	5.20	4.16		81.86	93.81
		Mustang	36.31	5.19	25.46	10.40	5.20	4.16		86.72	98.67
		Darlington	36.65	5.24		10.40	5.20	4.16		61.65	73.60
		Calumet	36.37	5.20	12.88	10.40	5.20	4.16		74.21	86.16
		Geary	38.31	5.47				4.16	3.28	51.22	63.17
		Cashion	37.03	5.29	11.64			4.16	3.00	61.12	73.07
		Okarche	36.19	5.17				4.16		45.52	57.47

See independent auditor's report.

**CANADIAN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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



County-Wide Millages		School District Millages									
County General	10.39	Gen	Bldg	Skg	Career Tech	Career Tech Bldg.	Common	EMS	Rural Fire Dept.	Total School	Total Levy
County Health	1.56										
		Minco	38.46	5.49	19.26	10.40	5.20	4.16		82.97	94.92
		Deer Creek	35.38	5.05	35.51	10.11	5.05	4.16		95.26	107.21
		Lookeba-Sickles	42.96	6.14	10.82	10.43	1.04	4.16	3.08	78.63	90.58
		Piedmont	36.75	5.25	31.01	10.40	5.20	4.16		92.77	104.72
		Yukon	36.53	5.22	27.04	10.40	5.20	4.16		88.55	100.50
		Yukon/City	36.53	5.22	27.04	10.40	5.20	4.16		88.55	100.50
		Riverside	36.01	5.14		10.40	5.20	4.16		60.91	72.86
		Banner	36.12	5.16	2.36	10.40	5.20	4.16		63.40	75.35
		El Reno	36.01	5.14	21.10	10.40	5.20	4.16		82.01	93.96
		Union City	36.17	5.17	19.99	10.40	5.20	4.16		81.09	93.04
		Mustang	36.31	5.19	24.97	10.40	5.20	4.16		86.23	98.18
		Darlington	36.65	5.24		10.40	5.20	4.16		61.65	73.60
		Calumet	36.37	5.20	14.36	10.40	5.20	4.16		75.69	87.64
		Geary	36.24	5.18				4.16	3.11	48.69	60.64
		Cashion	37.03	5.29	15.63			4.16	3.00	65.11	77.06
		Okarche	36.19	5.17				4.16		45.52	57.47

See independent auditor's report.

**CANADIAN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Total net assessed value as of January 1, 2008		<u>\$ 723,495,336</u>
Debt limit-5% of total assessed value		36,174,767
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 36,174,767</u>

See independent auditor's report.

**CANADIAN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Total net assessed value as of January 1, 2009		<u>\$ 790,768,483</u>
Debt limit-5% of total assessed value		39,538,424
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 39,538,424</u>

See independent auditor's report.

**CANADIAN COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

	2009
Estimated population	103,559
Net assessed value as of January 1, 2008	\$ 723,495,336
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.

**CANADIAN COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

	2010
Estimated population	103,559
Net assessed value as of January 1, 2009	\$ 790,768,483
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.

**CANADIAN COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2008	\$ 114,798,174	\$ 49,011,434	\$ 588,610,912	\$ 28,925,184	\$ 723,495,336	\$ 6,609,120,107

See independent auditor's report.

**CANADIAN COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2009	\$ 136,159,471	\$ 48,958,391	\$ 631,516,748	\$ 25,866,127	\$ 790,768,483	\$ 7,193,134,635

See independent auditor's report.

FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report

TO THE OFFICERS OF
CANADIAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Canadian County, Oklahoma, as of and for the fiscal years ended June 30, 2009 and June 30, 2010, listed in the table of contents as the basic financial statements. These financial statements are the responsibility of Canadian County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were 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 statements 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 statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Canadian County as of June 30, 2009 and June 30, 2010, or changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Canadian County for the fiscal years ended June 30, 2009 and June 30, 2010, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2011, on our consideration of Canadian 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 statements 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 statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements 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 blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

September 14, 2011

Basic Financial Statement

**CANADIAN COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Beginning Cash Balances <u>July 1, 2008</u>	Receipts Apportioned	Disbursements	Ending Cash Balances <u>June 30, 2009</u>
Combining Information:				
County General Fund	\$ 2,689,335	\$ 9,003,271	\$ 9,143,446	\$ 2,549,160
County Highway Cash	3,765,930	6,916,881	6,818,257	3,864,554
County Health Department	1,161,883	1,129,711	1,377,913	913,681
Resale Property	722,691	189,982	151,262	761,411
Assessor Visual Inspection Investment	82,107	746		82,853
Assessor Revolving	54,535	10,371	1,723	63,183
Sheriff Service Fee	633,784	652,993	426,849	859,928
Sheriff Training	27,358		4,341	23,017
Sheriff Commissary	57,821	10,806	9,918	58,709
Sheriff Prisoner Care	91,118	76,332	136,564	30,886
Sheriff Reward Fund/Trash Cop	9,587	39		9,626
Sheriff Federal Equitable Sharing	4,466	7,424	11,588	302
Sheriff Benefit	4,229			4,229
Grant Cash Voucher Fund	3,000	3,000	3,586	2,414
Treasurer Mortgage Tax Certification Fee	177,514	34,203	24,537	187,180
County Clerk Lien Fee	111,270	87,106	65,006	133,370
County Clerk Records Preservation Fee	186,985	158,764	124,314	221,435
Insurance Reimbursement		25		25
Emergency Management	25,934	19,012	23,146	21,800
Flood Plain	5,369	11,700	3,249	13,820
County River Bridge Improvement	248,193	2,255		250,448
Juvenile Justice Detention Facility	807,547	5,787,683	5,859,813	735,417
Combined Total -- All County Funds	<u>\$ 10,870,656</u>	<u>\$ 24,102,304</u>	<u>\$ 24,185,512</u>	<u>\$ 10,787,448</u>

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

**CANADIAN COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Beginning Cash Balances <u>July 1, 2009</u>	Receipts Apportioned	Disbursements	Ending Cash Balances <u>June 30, 2010</u>
Combining Information:				
County General Fund	\$ 2,549,160	\$ 9,577,027	\$ 9,167,701	\$ 2,958,486
County Highway Cash	3,864,554	5,111,453	6,277,841	2,698,166
County Health Department	913,681	1,228,040	920,611	1,221,110
Resale Property	761,411	380,718	149,060	993,069
Assessor Visual Inspection Investment	82,853	249		83,102
Assessor Revolving	63,183	6,210		69,393
Sheriff Service Fee	859,928	950,195	860,345	949,778
Sheriff Training	23,017	182	3,450	19,749
Sheriff Commissary	58,709	11,399	504	69,604
Sheriff Prisoner Care	30,886	134,681	6,085	159,482
Sheriff Reward Fund/Trash Cop	9,626	965	6,296	4,295
Sheriff Federal Equitable Sharing	302			302
Sheriff Benefit	4,229			4,229
Grant Cash Voucher Fund	2,414	95,923	74,754	23,583
Treasurer Mortgage Tax Certification Fee	187,180	33,380	21,899	198,661
County Clerk Lien Fee	133,370	66,812	96,927	103,255
County Clerk Records Preservation Fee	221,435	147,953	111,459	257,929
Insurance Reimbursement	25			25
Emergency Management	21,800	9,180	1,041	29,939
Flood Plain	13,820	15,200	3,639	25,381
County River Bridge Improvement	250,448			250,448
Juvenile Justice Detention Facility	735,417	5,697,449	5,720,069	712,797
Combined Total -- All County Funds	<u>\$ 10,787,448</u>	<u>\$ 23,467,016</u>	<u>\$ 23,421,681</u>	<u>\$ 10,832,783</u>

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

**CANADIAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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 statements present the receipts, disbursements, and changes in cash balances of the total of all funds of Canadian County, Oklahoma. The financial statements referred to include only the primary government of Canadian County, Oklahoma, and do not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. The funds presented as line items are not a part of the basic financial statements, but have been included as supplementary information within the basic financial statements. 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 - accounts for the general operations of the government.

County Highway Cash - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

County Health Department - accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

Resale Property - accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by statute.

Assessor Visual Inspection Investment - accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

**CANADIAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
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Assessor Revolving – accounts for the collection of fees for copies restricted by state statute.

Sheriff Service Fee - accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

Sheriff Training - accounts for the collection of forfeitures and disbursed for training and equipment.

Sheriff Commissary - accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods from the vendor. Excess funds are used for maintenance and operation of the jail.

Sheriff Prisoner Care - accounts for state receipts and disbursements for the purpose of housing and feeding Department of Correction inmates.

Sheriff Reward Fund/Trash Cop - accounts for federal funds collected and disbursed for the purpose of trash patrol.

Sheriff Federal Equitable Sharing - accounts for monies received from federal grants and disbursed for law enforcement purposes.

Sheriff Benefit - accounts for donations to be used for the lawful expenditures of the office.

Grant Cash Voucher Fund - accounts for monies received from state or federal grants to be expended as outlined by grant agreements.

Treasurer Mortgage Tax Certification Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

County Clerk Lien Fee - accounts for lien collections and disbursements as restricted by statute.

County Clerk Records Preservation Fee - accounts for fees collected for instruments filed in the County Clerk's office as restricted by statute for preservation of records.

Insurance Reimbursement - accounts for insurance settlements for damaged vehicles and disbursed to repair the vehicles.

Emergency Management – accounts for the collection of grant money to be disbursed for the purpose of Homeland Security by Canadian County.

Flood Plain – accounts for the collection of flood plain permits. Money is disbursed for computer software in relation to flood mapping.

**CANADIAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

County River Bridge Improvement – accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county bridges.

Juvenile Justice Detention Facility – accounts for the receipt and disbursement of funds for the purpose of construction and operations of the Canadian County Juvenile Justice Detention Facility.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including cities and towns, school districts, and emergency medical districts. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

C. Basis of Accounting

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

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

**CANADIAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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 accumulate up to a maximum of 120 hours. Employees are paid for vacation leave upon separation of employment from the County.

Sick leave shall accumulate at the rate of 10 hours for each calendar month of service and may be accrued up to a maximum of 130 days. Accrued sick leave is not paid upon an employee's termination of employment with the County.

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

**CANADIAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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, 2008, was approximately \$723,495,336.

The assessed property value as of January 1, 2009, was approximately \$790,768,483.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.39 mills for general fund operations and 1.56 mills for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns, school districts, fire districts, and emergency medical 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.

Current year tax collections for the year ended June 30, 2009, were approximately 95.26 percent of the tax levy.

Current year tax collections for the year ended June 30, 2010, were approximately 94.60 percent of the tax levy.

3. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

4. Risk Management

The County is exposed to the various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group (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.

**CANADIAN COUNTY, OKLAHOMA
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FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

Compsource Oklahoma – The workers' compensation program is fully insured through a third party (Compsource Oklahoma). The program pays all legitimate workers' compensation claims. Under the program, the County has no deductible and no liability for deficits. There have been no significant reductions in coverage from the prior fiscal year.

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery 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 for fiscal year ended June 30, 2009. 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 9.5% and 14.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 14.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2009, 2008, and 2007, were \$1,477,803, \$1,127,651, and \$989,618, respectively, equal to the required contributions for each year.

Funding Policy for fiscal year ended June 30, 2010. 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 10.5% and 15.5% of earned compensation. Elected officials could contribute between

**CANADIAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

4.5% and 10% of their entire compensation. The County contributes 15.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2010, 2009, and 2008, were \$1,571,218, \$1,477,803, and \$1,127,651, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

8. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

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 the matters will not have a material adverse effect on the financial condition of the County.

9. Sales Tax

On August 27, 1996, a .35% sales tax was passed by voters to extend for an unlimited period to provide revenues for financing, construction and equipment, and operations of a Juvenile Delinquent Detention Facility and Juvenile Justice Facility in Canadian County. For the fiscal years ended June 30, 2009 and June 30, 2010, the County apportioned \$4,576,444 and \$4,519,780, respectively, to the Juvenile Justice Detention Facility.

OTHER SUPPLEMENTARY INFORMATION

CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,689,335	\$ 2,689,335	\$ 2,689,335	\$ -
Less: Prior Year Outstanding Warrants	(375,668)	(375,668)	(375,688)	(20)
Less: Prior Year Encumbrances	(251,118)	(251,118)	(206,203)	44,915
Beginning Cash Balances, Budgetary Basis	<u>2,062,549</u>	<u>2,062,549</u>	<u>2,107,444</u>	<u>44,895</u>
Receipts:				
Ad Valorem Taxes	6,806,700	6,806,700	7,292,441	485,741
Charges for Services	769,752	769,752	766,359	(3,393)
Intergovernmental Revenues	546,742	546,742	698,864	152,122
Miscellaneous Revenues	372,711	392,419	245,607	(146,812)
Total Receipts, Budgetary Basis	<u>8,495,905</u>	<u>8,515,613</u>	<u>9,003,271</u>	<u>487,658</u>
Expenditures:				
District Attorney - State	15,000	14,000	9,050	4,950
Capital Outlay	<u>2,000</u>	<u>3,000</u>	<u>1,700</u>	<u>1,300</u>
Total District Attorney - State	<u>17,000</u>	<u>17,000</u>	<u>10,750</u>	<u>6,250</u>
District Attorney - County	<u>2,692</u>	<u>2,692</u>	<u>2,399</u>	<u>293</u>
Total District Attorney - County	<u>2,692</u>	<u>2,692</u>	<u>2,399</u>	<u>293</u>
County Sheriff	2,592,544	2,439,681	2,425,225	14,456
Capital Outlay	<u>23,000</u>	<u>176,000</u>	<u>175,907</u>	<u>93</u>
Total County Sheriff	<u>2,615,544</u>	<u>2,615,681</u>	<u>2,601,132</u>	<u>14,549</u>
County Treasurer	<u>368,075</u>	<u>368,198</u>	<u>340,119</u>	<u>28,079</u>
Total County Treasurer	<u>368,075</u>	<u>368,198</u>	<u>340,119</u>	<u>28,079</u>
County Commissioners	188,152	188,152	186,241	1,911
Capital Outlay	<u>4,500</u>	<u>14,500</u>	<u>11,102</u>	<u>3,398</u>
Total County Commissioners	<u>192,652</u>	<u>202,652</u>	<u>197,343</u>	<u>5,309</u>
OSU Extension	277,418	270,118	263,473	6,645
Capital Outlay	<u>5,500</u>	<u>11,275</u>	<u>10,643</u>	<u>632</u>
Total OSU Extension	<u>282,918</u>	<u>281,393</u>	<u>274,116</u>	<u>7,277</u>
County Clerk	<u>533,832</u>	<u>534,246</u>	<u>533,907</u>	<u>339</u>
Total County Clerk	<u>533,832</u>	<u>534,246</u>	<u>533,907</u>	<u>339</u>

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance
Court Clerk	620,198	620,198	563,093	57,105
Capital Outlay	100	100		100
Total Court Clerk	<u>620,298</u>	<u>620,298</u>	<u>563,093</u>	<u>57,205</u>
County Assessor	581,416	582,941	510,788	72,153
Capital Outlay	25,000	25,000	10,191	14,809
Total County Assessor	<u>606,416</u>	<u>607,941</u>	<u>520,979</u>	<u>86,962</u>
Revaluation of Real Property	423,519	423,519	369,120	54,399
Capital Outlay	20,000	20,000		20,000
Total Revaluation of Real Property	<u>443,519</u>	<u>443,519</u>	<u>369,120</u>	<u>74,399</u>
General Government	779,735	902,566	777,436	125,130
Capital Outlay	50,000	17,598	10,779	6,819
Total General Government	<u>829,735</u>	<u>920,164</u>	<u>788,215</u>	<u>131,949</u>
Excise-Equalization Board	12,250	12,250	9,266	2,984
Total Excise-Equalization Board	<u>12,250</u>	<u>12,250</u>	<u>9,266</u>	<u>2,984</u>
County Election Board	276,245	256,534	248,333	8,201
Capital Outlay	5,000	37,781	30,278	7,503
Total County Election Board	<u>281,245</u>	<u>294,315</u>	<u>278,611</u>	<u>15,704</u>
Insurance	1,841,309	1,847,811	1,756,398	91,413
Total Insurance	<u>1,841,309</u>	<u>1,847,811</u>	<u>1,756,398</u>	<u>91,413</u>
County Purchasing Agent	74,443	74,443	74,091	352
Total County Purchasing Agent	<u>74,443</u>	<u>74,443</u>	<u>74,091</u>	<u>352</u>
Data Processing	58,543	58,543	51,559	6,984
Capital Outlay	1,500	1,500	1,269	231
Total Data Processing	<u>60,043</u>	<u>60,043</u>	<u>52,828</u>	<u>7,215</u>
Charity	1,000	1,000	650	350
Total Charity	<u>1,000</u>	<u>1,000</u>	<u>650</u>	<u>350</u>

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance
Solid Waste	51,008	83,008	76,283	6,725
Total Solid Waste	51,008	83,008	76,283	6,725
Highway Budget Account	438,755	445,255	382,928	62,327
Capital Outlay	918,175	830,308	65,161	765,147
Total Highway Budget Account	1,356,930	1,275,563	448,089	827,474
County Audit Budget	125,528	72,063	59,939	12,124
Total County Audit Budget	125,528	72,063	59,939	12,124
Free Fair Budget Account	155,608	161,571	156,653	4,918
Capital Outlay	6,300	300		300
Total Free Fair Budget Account	161,908	161,871	156,653	5,218
Library Budget Account	74,309	77,011	77,011	
Capital Outlay	800			
Total Library Budget Account	75,109	77,011	77,011	-
Provision for Interest on Warrants	5,000	5,000	6,066	(1,066)
Total Expenditures, Budgetary Basis	10,558,454	10,578,162	9,197,058	1,381,104
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,913,657	\$ 1,913,657
Reconciliation to Statement of Receipts Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			275,255	
Add: Current Year Outstanding Warrants			360,248	
Ending Cash Balances			\$ 2,549,160	

The accompanying notes to the other supplementary information are an integral part of this schedule.
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**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,549,160	\$ 2,549,160	\$ 2,549,160	\$ -
Less: Prior Year Outstanding Warrants	(360,247)	(360,247)	(360,247)	
Less: Prior Year Encumbrances	(275,255)	(275,255)	(230,952)	44,303
Beginning Cash Balances, Budgetary Basis	<u>1,913,658</u>	<u>1,913,658</u>	<u>1,957,961</u>	<u>44,303</u>
Receipts:				
Ad Valorem Taxes	7,469,168	7,469,168	7,934,449	465,281
Charges for Services	622,530	622,530	788,028	165,498
Intergovernmental Revenues	539,280	539,280	697,453	158,173
Miscellaneous Revenues		27,299	157,097	129,798
Total Receipts, Budgetary Basis	<u>8,630,978</u>	<u>8,658,277</u>	<u>9,577,027</u>	<u>918,750</u>
Expenditures:				
District Attorney - State	15,000	15,000	6,034	8,966
Capital Outlay	2,000	2,000	130	1,870
Total District Attorney - State	<u>17,000</u>	<u>17,000</u>	<u>6,164</u>	<u>10,836</u>
District Attorney - County	3,083	3,155	3,155	
Total District Attorney - County	<u>3,083</u>	<u>3,155</u>	<u>3,155</u>	<u>-</u>
County Sheriff	2,679,948	2,606,283	2,599,424	6,859
Capital Outlay	23,000	72,007	71,936	71
Total County Sheriff	<u>2,702,948</u>	<u>2,678,290</u>	<u>2,671,360</u>	<u>6,930</u>
County Treasurer	354,013	344,013	340,661	3,352
Capital Outlay		10,000	9,175	825
Total County Treasurer	<u>354,013</u>	<u>354,013</u>	<u>349,836</u>	<u>4,177</u>
County Commissioners	186,652	186,652	161,682	24,970
Capital Outlay	3,110	3,110	449	2,661
Total County Commissioners	<u>189,762</u>	<u>189,762</u>	<u>162,131</u>	<u>27,631</u>
OSU Extension	276,674	260,674	244,995	15,679
Capital Outlay	2,000	18,000	17,073	927
Total OSU Extension	<u>278,674</u>	<u>278,674</u>	<u>262,068</u>	<u>16,606</u>
County Clerk	596,036	574,399	573,876	523
Total County Clerk	<u>596,036</u>	<u>574,399</u>	<u>573,876</u>	<u>523</u>

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance
Court Clerk	619,881	619,881	546,363	73,518
Capital Outlay	150	150		150
Total Court Clerk	<u>620,031</u>	<u>620,031</u>	<u>546,363</u>	<u>73,668</u>
County Assessor	569,287	569,287	494,796	74,491
Capital Outlay	25,000	39,600	37,980	1,620
Total County Assessor	<u>594,287</u>	<u>608,887</u>	<u>532,776</u>	<u>76,111</u>
Revaluation of Real Property	415,964	415,964	370,136	45,828
Capital Outlay	20,000	5,400	554	4,846
Total Revaluation of Real Property	<u>435,964</u>	<u>421,364</u>	<u>370,690</u>	<u>50,674</u>
General Government	862,006	685,716	601,587	84,129
Capital Outlay	50,000	50,000	18,583	31,417
Total General Government	<u>912,006</u>	<u>735,716</u>	<u>620,170</u>	<u>115,546</u>
Excise-Equalization Board	12,000	12,000	8,643	3,357
Total Excise-Equalization Board	<u>12,000</u>	<u>12,000</u>	<u>8,643</u>	<u>3,357</u>
County Election Board	271,974	269,024	251,261	17,763
Capital Outlay	5,000	13,000	9,319	3,681
Total County Election Board	<u>276,974</u>	<u>282,024</u>	<u>260,580</u>	<u>21,444</u>
Insurance	1,903,809	1,903,809	1,803,559	100,250
Total Insurance	<u>1,903,809</u>	<u>1,903,809</u>	<u>1,803,559</u>	<u>100,250</u>
County Purchasing Agent		21,637	21,637	
Total County Purchasing Agent	<u>-</u>	<u>21,637</u>	<u>21,637</u>	<u>-</u>
Data Processing	57,643	41,290	34,891	6,399
Capital Outlay	1,500	1,500		1,500
Total Data Processing	<u>59,143</u>	<u>42,790</u>	<u>34,891</u>	<u>7,899</u>
Charity	985	985		985
Total Charity	<u>985</u>	<u>985</u>	<u>-</u>	<u>985</u>

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance
Solid Waste	50,349	50,349	46,970	3,379
Total Solid Waste	50,349	50,349	46,970	3,379
Highway Budget Account	420,755	437,108	426,206	10,902
Capital Outlay	783,353	1,001,142	197,922	803,220
Total Highway Budget Account	1,204,108	1,438,250	624,128	814,122
County Audit Budget	91,202	91,202	24,563	66,639
Total County Audit Budget	91,202	91,202	24,563	66,639
Free Fair Budget Account	154,479	154,499	150,974	3,525
Capital Outlay	5,000	4,980	4,125	855
Total Free Fair Budget Account	159,479	159,479	155,099	4,380
Library Budget Account	76,983	82,384	79,230	3,154
Capital Outlay	800	735	736	
Total Library Budget Account	77,783	83,119	79,966	3,153
Provision for Interest on Warrants	5,000	5,000	6,696	(1,696)
Total Expenditures, Budgetary Basis	10,544,636	10,571,935	9,165,321	1,406,614
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	2,369,667	\$ 2,369,667
Reconciliation to Statement of Receipts Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			238,886	
Add: Current Year Outstanding Warrants			349,933	
Ending Cash Balances			\$ 2,958,486	

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,161,883	\$ 1,161,883	\$ 1,161,883	\$ -
Less: Prior Year Outstanding Warrants	(56,608)	(56,608)	(56,608)	
Less: Prior Year Encumbrances	(95,489)	(95,489)	(91,095)	4,394
Beginning Cash Balances, Budgetary Basis	<u>1,009,786</u>	<u>1,009,786</u>	<u>1,014,180</u>	<u>4,394</u>
Receipts:				
Ad Valorem Taxes	1,021,988	1,021,988	1,094,919	72,931
Charges for Services			15,879	15,879
Intergovernmental			13,801	13,801
Miscellaneous Revenues		379,293	5,112	(374,181)
Total Receipts, Budgetary Basis	<u>1,021,988</u>	<u>1,401,281</u>	<u>1,129,711</u>	<u>(271,570)</u>
Expenditures:				
Health and Welfare	1,499,000	2,028,293	1,292,535	735,758
Capital Outlay	532,774	382,774	85,849	296,925
Total Expenditures, Budgetary Basis	<u>2,031,774</u>	<u>2,411,067</u>	<u>1,378,384</u>	<u>1,032,683</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	765,507	<u>\$ 765,507</u>
Reconciliation to Statement of Receipts Disbursements and Changes in Cash Balances				
Add: Current Year Encumbrances			93,958	
Add: Current Year Outstanding Warrants			54,216	
Ending Cash Balance			<u>\$ 913,681</u>	

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 913,681	\$ 913,681	\$ 913,681	\$ -
Less: Prior Year Outstanding Warrants	(54,216)	(54,216)	(54,216)	
Less: Prior Year Encumbrances	(93,958)	(93,958)	(67,139)	26,819
Beginning Cash Balances, Budgetary Basis	<u>765,507</u>	<u>765,507</u>	<u>792,326</u>	<u>26,819</u>
Receipts:				
Ad Valorem Taxes	1,121,453	1,121,453	1,191,313	69,860
Charges for Services			21,163	21,163
Intergovernmental			15,564	15,564
Miscellaneous Revenues		385,670		(385,670)
Total Receipts, Budgetary Basis	<u>1,121,453</u>	<u>1,507,123</u>	<u>1,228,040</u>	<u>(279,083)</u>
Expenditures:				
Health and Welfare	1,330,060	1,715,730	930,281	785,449
Capital Outlay	556,900	556,900	15,997	540,903
Total Expenditures, Budgetary Basis	<u>1,886,960</u>	<u>2,272,630</u>	<u>946,278</u>	<u>1,326,352</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,074,088	<u>\$ 1,074,088</u>
Reconciliation to Statement of Receipts Disbursements and Changes in Cash Balances				
Add: Current Year Encumbrances			80,759	
Add: Current Year Outstanding Warrants			66,263	
Ending Cash Balance			<u>\$ 1,221,110</u>	

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

**CANADIAN COUNTY, OKLAHOMA
NOTE TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

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.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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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
CANADIAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Canadian County, Oklahoma, as of and for the years ended June 30, 2009 and June 30, 2010, which comprises Canadian County's basic financial statements, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 14, 2011. Our report on the basic financial statements was adverse because the statements are not a presentation in conformity with accounting principles generally accepted in the United States of America. 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 Canadian County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Canadian County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting, 2009/2010-4. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

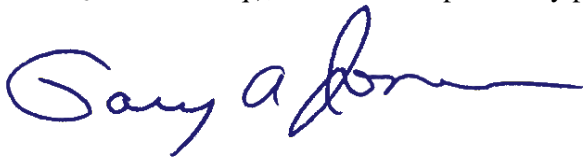
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canadian County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Canadian County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

September 14, 2011

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2009/2010-4—Financial Statement and Disclosures

Criteria: The County's management is responsible for establishing internal control procedures to prepare and/or review the financial statements and accompanying notes to the financial statements in accordance with applicable accounting principles. Statement on Auditing Standards (SAS) No. 115 indicates that the County must have adequate knowledge and expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards indicate that the external financial statement auditor cannot perform any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to properly review the financial statement and ensure all required disclosures are presented with the financial statement.

Effect: This condition could result in unrecorded transactions or undetected errors.

Recommendation: OSAI recommends the County implement a review process for the financial statements and accompanying notes. The County may consider one or more of the following to ensure proper internal controls:

- Having at least one staff member trained in financial statement preparation and having sufficient skills necessary to prepare a complete set of year-end financial statements.
- Having someone independent of preparing the financial statement, review for accuracy and completeness.

Views of responsible officials and planned corrective actions: The County Treasurer prepares a monthly financial statement using a specific software program. BOCC will recommend the County Treasurer contact their software provider to determine if a program can be written to accommodate the preparation of an annual financial statement.

The BOCC will contact the current budget maker and request their services to review the annual financial statement for accuracy and completeness.

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2009/2010-1—Inmate Trust (Deposits)

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of depositing cash and checks should be done on a daily basis. Failure in doing so could lead to misappropriation of Inmate Trust Funds.

Conditions: During our test work, we noted that the County Sheriff’s Department was not depositing Inmate Trust Funds on a daily basis.

Effect: Not depositing funds on a daily basis could lead to the misstatement of funds.

Recommendation: OSAI recommends that the Sheriff’s office deposit Inmate Trust Funds on a daily basis.

Views of responsible officials and planned corrective actions: As of this date, the discrepancy has been corrected. The Sheriff’s Office Jail Administrator has been instructed to make the inmate trust fund deposits on a daily basis.

Finding 2009/2010-2—Inmate Trust (Bank Reconciliations)

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as not having someone review and sign off on reconciliations are deficiencies of internal control.

Conditions: During our test work, we noticed no one other than the person performing reconciliations of the Inmate Trust Account was reviewing and signing off on the reconciliations.

Effect: Signing off on reconciliations other than the person performing them could lead to the misstatement of funds.

Recommendation: OSAI recommends that the Sheriff’s office have someone other than the person who prepares the reconciliations review and sign off on them.

Views of responsible officials and planned corrective actions: As of this date, the discrepancy has been corrected. My Office Administrator is now responsible for reviewing and reconciling the inmate trust account with the bank statements.

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010**

Finding 2009/2010-3—Consumable Inventory

Criteria: Title 19 O.S. § 1502 prescribes procedures for administering a consumable inventory of items purchased in lots of Five Hundred Dollars (\$500.00) or more. In addition, safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls such as performing periodic counts of consumable inventories and reconciling those counts to inventory records are deficiencies of internal control.

Condition: Based on procedures performed we noted the following regarding fuel inventory:

District 1 – There are no fuel logs kept when fueling vehicles and equipment.

District 2 – The gauges on the fuel tanks did not work; therefore, we were unable to determine how much fuel was in the tanks for unleaded and diesel.

Effect: Without proper documentation and recording of inventory, the inventory may be misstated or misappropriated.

Recommendation: OSAI recommends that more emphasis be placed on maintaining accurate inventory records for consumable items. OSAI also recommends that periodic counts of consumable inventory be conducted and documented.

Views of responsible officials and planned corrective actions:

District 1: As of this date, we have begun keeping a fuel log of our fuel usage. This log will be compiled on a monthly basis, and allow us to maintain accurate inventory records for this consumable item.

District 2 has contacted a vendor to repair the gauge on the gasoline tank. Canadian County District 2 will begin weekly checks to verify the amount of fuel in the tank agrees with the record kept at the District 2 Shop Office.



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