

COUNTY AUDIT

TEXAS COUNTY

For the fiscal year 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

**TEXAS 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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June 14, 2011

TO THE CITIZENS OF
TEXAS COUNTY, OKLAHOMA

Transmitted herewith is the audit of Texas 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.

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 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

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

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

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**REPORT TO THE CITIZENS
OF
TEXAS COUNTY, OKLAHOMA**



Texas County was formed at statehood from the central one-third of “Old Beaver County,” also known as “No Man’s Land.” It took its name from the state of Texas.

The Beaver River is the principal stream in Texas County, rising in northeastern New Mexico. It is joined by Wolf Creek near Fort Supply and from there becomes known as the North Canadian River and emptying into the Canadian River near Eufaula.

Texas County consists of level plains and rolling hills. Many trees, especially cottonwood, grow along the streams. A large number of irrigation wells in the County help stabilize farming.

Wheat, grain sorghums, and cattle are the chief agricultural industries, ranking near the top among counties of the state in all three. The County ranks high in natural gas and petroleum, being first in gas production among all counties of the United States.

County Seat - Guymon

Area – 2,048.81 Square Miles

County Population - 20,032
(2007 est.)

Farms – 1,038

Land in Farms - 1,205,978 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor’s report.

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

COUNTY ASSESSOR

Thyra Grounds

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

Marcia Hollingshead

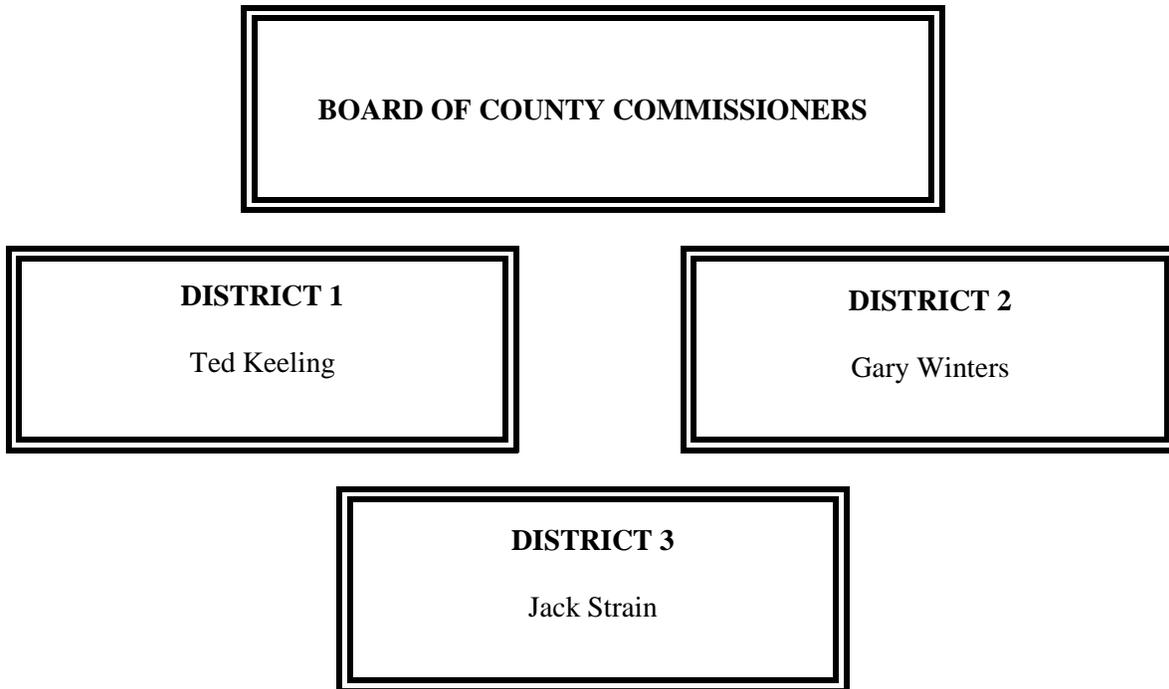
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**TEXAS 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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010

COUNTY SHERIFF

Rick Caddell

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

Rita Wise

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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010

COURT CLERK

Karen Parish

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

James M. Boring

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.

**TEXAS COUNTY OFFICIALS
AND RESPONSIBILITIES**

FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2010

ELECTION BOARD SECRETARY

Melissa Costner

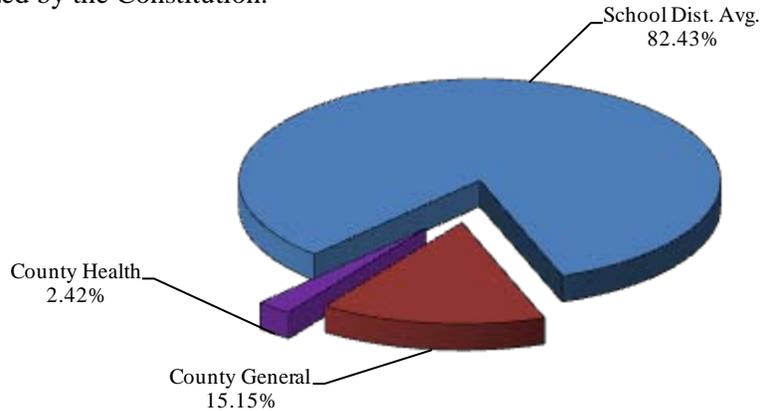
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**TEXAS 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.

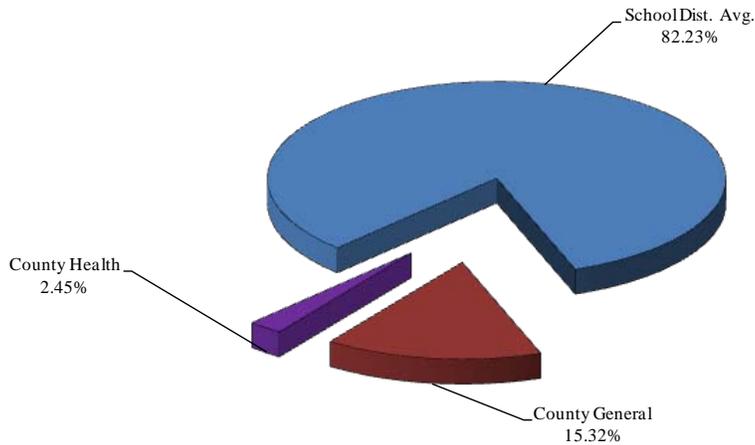


County-Wide Millages		School District Millages						
			Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.00	Yarborough	I-1	5.00	7.80		4.00	51.80
County Health	1.60	Guymon	I-8	5.00	9.94		4.00	53.94
		Guymon rural	I-8	5.00	9.94		4.00	53.94
		Optima	I-9	5.00			4.00	44.00
		Hardesty	I-15	5.00	4.72		4.00	48.72
		Hardesty rural	I-15	5.00	4.72		4.00	48.72
		Hooker	I-23	5.00	2.07		4.00	46.07
		Hooker rural	I-23	5.00	2.07		4.00	46.07
		Tyrone	I-53	5.00	10.10		4.00	54.10
		Tyrone rural	I-53	5.00	10.10		4.00	54.10
		Goodwell	I-60	5.00	15.87	7.31	4.00	67.18
		Goodwell rural	I-60	5.00	15.87		4.00	59.87
		Texhoma	I-61	5.00	13.85		4.00	57.85
		Texhoma rural	I-61	5.00	13.85		4.00	57.85
		Straight	I-80	5.00			4.00	44.00
		Straight rural	I-80	5.00			4.00	44.00
		Cimarron Co.	Jt 11	5.00	12.24		4.00	56.24
		Beaver Co.	Jt 128	5.00	8.01		4.00	52.01

See independent auditor's report.

**TEXAS 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						
			Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.00	Yarbrough	I-1	5.00	7.37		4.00	51.37
County Health	1.60	Guymon	I-8	5.00	9.11		4.00	53.11
		Guymon rural	I-8	5.00	9.11		4.00	53.11
		Optima	I-9	5.00			4.00	44.00
		Hardesty	I-15	5.00	5.09		4.00	49.09
		Hardesty rural	I-15	5.00	5.09		4.00	49.09
		Hooker	I-23	5.00	3.94		4.00	47.94
		Hooker rural	I-23	5.00	3.94		4.00	47.94
		Tyrone	I-53	5.00	16.96		4.00	60.96
		Tyrone rural	I-53	5.00	16.96		4.00	60.96
		Goodwell	I-60	5.00	17.53	6.98	4.00	68.51
		Goodwell rural	I-60	5.00	17.53		4.00	61.53
		Texhoma	I-61	5.00	13.69		4.00	57.69
		Texhoma rural	I-61	5.00	13.69		4.00	57.69
		Straight	I-80	5.00			4.00	44.00
		Cimarron Co.	Jt 11	5.00	10.03		4.00	54.03
		Beaver Co.	Jt 128	5.00	7.68		4.00	51.68

See independent auditor's report.

**TEXAS 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>\$ 184,485,007</u>
Debt limit - 5% of total assessed value		9,224,250
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>5</u>	<u>-</u>
Legal debt margin		<u>\$ 9,224,250</u>

See independent auditor's report.

**TEXAS 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>\$ 192,219,681</u>
Debt limit - 5% of total assessed value		9,610,984
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>5</u>	<u>-</u>
Legal debt margin		<u>\$ 9,610,984</u>

See independent auditor's report.

**TEXAS 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	20,032
Net assessed value as of January 1, 2008	\$ 184,485,007
Gross bonded debt	-
Less available sinking fund cash balance	5
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**TEXAS 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	20,032
Net assessed value as of January 1, 2009	\$ 192,219,681
Gross bonded debt	-
Less available sinking fund cash balance	5
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**TEXAS 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	\$68,355,214	\$22,738,334	\$96,787,636	\$3,396,177	\$184,485,007	\$1,369,840,924

See independent auditor's report.

**TEXAS 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	\$75,808,999	\$20,444,016	\$99,359,138	\$3,392,472	\$192,219,681	\$1,436,917,737

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
TEXAS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Texas 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 statement. This financial statement is the responsibility of Texas 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.

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 Texas County as of June 30, 2009 and June 30, 2010, 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 Texas 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 May 23, 2011, on our consideration of Texas County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in 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

May 23, 2011

Basic Financial Statement

**TEXAS 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 July 1, 2008	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2009
Combining Information:				
County General Fund	\$ 4,757,459	\$ 2,871,154	\$ 2,670,630	\$ 4,957,983
County Highway Cash	5,721,022	8,003,919	8,175,221	5,549,720
County Commissioner Reward Fund	440	18		458
County Health Department	210,380	310,173	259,238	261,315
Resale Property	42,219	57,271	45,267	54,223
Treasurer Mortgage Tax Certification Fee	5,712	3,000	800	7,912
County Clerk Lien Fee	130,607	15,019	2,347	143,279
County Clerk Records Preservation Fee	148,343	22,030	16,750	153,623
Assessor Revolving Fee	18,600	6,127		24,727
Assessor Visual Inspection	388			388
Assessor Equipment Upgrade	101			101
Sheriff Service Fee	857,094	502,495	657,137	702,452
Sheriff Special Revenue	25,456	127,673	64,518	88,611
Sheriff Commissary	100,955	84,644	103,040	82,559
Sheriff Training	954		80	874
Juvenile Detention	163,753	418,057	466,360	115,450
Community Service Sentencing Program	1,721			1,721
Activity Center/Free Fair	27,243	36,129	40,554	22,818
State Criminal Alien Assistance Program Grant		59,924	2,992	56,932
Local Emergency Planning Commission	29,775	7,350	1,251	35,874
Grant Account	5,000		5,000	
ACCO Safety Award	10,000		9,999	1
County Sales Tax Proceeds	3,697,422	2,110,346	1,076,932	4,730,836
County Building	306,620	1,903		308,523
Sinking Fund	5			5
Combined Total--All County Funds	\$ 16,261,269	\$ 14,637,232	\$ 13,598,116	\$ 17,300,385

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

**TEXAS 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 July 1, 2009	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2010
Combining Information:				
County General Fund	\$ 4,957,983	\$ 2,689,683	\$ 2,921,557	\$ 4,726,109
County Highway Cash	5,549,720	7,014,626	6,469,257	6,095,089
County Commissioner Reward Fund	458			458
County Health Department	261,315	313,762	251,370	323,707
Resale Property	54,223	68,447	46,211	76,459
Treasurer Mortgage Tax Certification Fee	7,912	2,910	2,400	8,422
County Clerk Lien Fee	143,279	11,906	1,335	153,850
County Clerk Records Preservation Fee	153,623	19,743	43,917	129,449
Assessor Revolving Fee	24,727	4,558	10,632	18,653
Assessor Visual Inspection	388			388
Assessor Equipment Upgrade	101			101
Sheriff Service Fee	702,452	560,328	411,970	850,810
Sheriff Special Revenue	88,611	13,711	37,007	65,315
Sheriff Commissary	82,559	86,693	104,408	64,844
Sheriff Training	874			874
Sheriff Sales Tax		883,191		883,191
Juvenile Detention	115,450	400,077	428,732	86,795
Community Service Sentencing Program	1,721			
Activity Center/Free Fair	22,818	31,268	31,827	22,259
State Criminal Alien Assistance Program Grant	56,932	71,820	43,852	84,900
Local Emergency Planning Commission	35,874	10,166	3,595	42,445
ACCO Safety Award	1			1
County Sales Tax Proceeds	4,730,836	395,386	1,215,081	3,911,141
County Building	308,523	1,070		
Sinking Fund	5			5
40% Sales Tax		588,790		588,790
Combined Total--All County Funds	\$ 17,300,385	\$ 13,168,135	\$ 12,023,151	\$ 18,134,055

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

**TEXAS 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 statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Texas County, Oklahoma. The financial statement referred to includes only the primary government of Texas County, Oklahoma, and does 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 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 - accounts for the general operations of the government.

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

County Commissioner Reward Fund - accounts for money received through the District Court and disbursed to citizens reporting crime in the County in which a reward is offered.

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

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

**TEXAS COUNTY, OKLAHOMA
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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.

Assessor Revolving Fee - accounts for the collection of fees for copies restricted by state statute.

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

Assessor Equipment Upgrade - accounts for the collection of a grant to be used to update equipment in the Assessor's office.

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

Sheriff Special Revenue - accounts for the collection of medical fees reimbursed from prisoners and disbursements are made for general operations of the Sheriff's office.

Sheriff Commissary - accounts for the collection of fees from purchases of commissary goods by prisoners. Disbursements account for the maintenance and operation of the Sheriff's office and stocking of the commissary goods.

Sheriff Training - accounts for the collection of miscellaneous receipts and disbursement for the training of sheriff deputies.

Sheriff Sales Tax - accounts for collection of sales tax to be disbursed for the Sheriff's operations.

Juvenile Detention - accounts for the collections from the State of Oklahoma and other Oklahoma Counties for the housing of juvenile offenders. Disbursements are for the operation of the juvenile detention center.

Community Service Sentencing Program - accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Activity Center/Free Fair - accounts for the collection of sales tax funds and is disbursed for the operations of the free fair organization.

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

State Criminal Alien Assistance Program Grant – accounts for the reimbursement for housing of illegal aliens.

Local Emergency Planning Commission – accounts for the collection of fees received from pipeline companies and disbursement of funds may be used for emergency planning, training, and equipment.

Grant Account – accounts for the collection of grant funds for emergency civil management to be disbursed in compliance with grant requirements.

ACCO Safety Award – accounts for the collection of a state-wide safety award from the Association of County Commissioners of Oklahoma to be disbursed to employees of Texas County Qualifying for the award.

County Sales Tax Proceeds – accounts for the collection of reserve sales tax monies received from the Texas County Development Authority in excess of bond issue payments. Disbursements are for the general operation of the county jail.

County Building – accounts for the collection of funds used for the maintenance and remodeling of county buildings.

Sinking Fund – accounts for monies collected on behalf of Texas County from ad valorem taxes, used to pay principal and interest on bonds outstanding. There has been no activity in this fund for several years.

40% Sales Tax – accounts for the collection of sales tax money to be disbursed for rural Texas County emergency providers including ambulance and fire services, rural 911 emergency telephone services, Memorial Hospital of Texas County, the Texas County Free Fair, and the Sheriff of Texas County for the Texas County Detention Center.

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

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

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.

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

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

- 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

All full time employees are entitled to annual leave that is accrued on a monthly basis. Depending on years of service, an employee can earn from 5 days of vacation leave to 15 days of vacation leave per year. Employees may carry over no more than 240 hours or 30 days of vacation at any time. Accrued vacation is payable upon employee termination.

All full-time employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 130 days, but is not payable to the employee upon termination.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed 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, 2008, was approximately \$184,485,007.

The assessed property value as of January 1, 2009, was approximately \$192,219,681.

The County levied 10.00 mills (the legal maximum) for general fund operations, and 1.6 mills for county health department. In addition, the County collects the ad valorem taxes assessed by 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.

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

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, 2009, were approximately 92.38 percent of the tax levy.

Current year tax collections for the year ended June 30, 2010, were approximately 86.37 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 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 		
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members have surcharges assessed to pay the excess claims.

ACCO-SIG – The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating member chooses a deductible

**TEXAS COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
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amount (\$10,000, \$25,000, or \$50,000). The County has chosen a \$10,000 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 County's deductible amount. The pool has acquired specific excess insurance with retention limits of \$250,000 for property claims and \$500,000 for general liability claims. The pool has acquired reinsurance in the amount of \$2,000,000 for general liability and \$50,000,000 per occurrence for property to cover claims that exceed the pool's retention limits. If claims exceed pool assets, the County could be liable for its share of the pool's deficit. 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.

OPEH&WP – The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. 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. 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.

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

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

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 \$717,066, \$609,039, and \$530,565, 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 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 \$744,306, \$717,066 and \$609,039, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

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. Amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined, although, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

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

9. Sales Tax

On April 11, 1994, Texas County voters approved a one cent sales tax. The sales tax began on August 1, 1994, and ends the last day of July, 2009. The sales tax was used for the constructing of a county jail facility and the continuance of operations of the same. The sales tax also provides certain funds for the Memorial Hospital of Texas County, the Texas County Firefighters Emergency Services, the Texas County Free Fair, and the general operations of Texas County.

The sales tax is reported in three funds beginning in fiscal year 2010. Those funds are; County Sales Tax Proceeds, 40% Sales Tax, and Sheriff Sales Tax.

OTHER SUPPLEMENTARY INFORMATION

TEXAS 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	\$ 4,757,459	\$ 4,757,459	\$ 4,757,459	\$ -
Less: Prior Year Outstanding Warrants	(154,425)	(154,425)	(154,425)	
Less: Prior Year Encumbrances	(83,763)	(83,763)	(53,112)	30,651
Beginning Cash Balances, Budgetary Basis	<u>4,519,271</u>	<u>4,519,271</u>	<u>4,549,922</u>	<u>30,651</u>
Receipts:				
Ad Valorem Taxes	1,677,127	1,677,127	1,806,432	129,305
Charges for Services			513,408	513,408
County Sales Tax			76,281	76,281
Intergovernmental Revenues		2,134	398,590	396,456
Miscellaneous Revenues			76,443	76,443
Total Receipts, Budgetary Basis	<u>1,677,127</u>	<u>1,679,261</u>	<u>2,871,154</u>	<u>1,191,893</u>
Expenditures:				
District Attorney State	10	10		10
District Attorney County	7,740	7,740	5,667	2,073
County Sheriff	400,024	400,155	388,522	11,633
County Treasurer	185,684	185,714	184,031	1,683
County Commissioners	148,001	148,001	147,645	356
OSU Extension	22,500	22,500	22,467	33
County Clerk	326,535	326,535	291,606	34,929
Court Clerk	114,568	114,568	113,111	1,457
County Assessor	106,669	106,669	105,254	1,415
Revaluation of Real Property	274,496	274,496	258,116	16,380
Juvenile Shelter Bureau	103,000	103,000	54,564	48,436
District Court	1,000	1,000	340	660
General Government	768,155	768,155	182,702	585,453
Excise Equalization Board	5,200	5,200	2,588	2,612

continued on next page

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

**TEXAS 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**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	66,767	68,822	54,176	14,646
Insurance	1,434,037	1,433,955	553,042	880,913
Charity	11,000	11,000	10,907	93
Fire Fighting Services	92,200	92,200	31,492	60,708
Dispute Mediation	62,869	62,869	54,902	7,967
Civil Defense	51,665	51,665	47,702	3,963
Highway Budget	9,615	9,615	7,808	1,807
County Audit	18,448	18,448	-	18,448
Free Fair	39,500	39,500	39,451	49
Library	2,000	2,000	993	1,007
County Hospital	46,121	46,121	46,121	-
Building Maintenance	1,170,205	1,170,205	43,770	1,126,435
Other Uses	682,295	682,295		682,295
Total Expenditures, Budgetary Basis	6,150,304	6,152,438	2,646,977	3,505,461
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ 46,094	\$ 46,094	4,774,099	\$ 4,728,005
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			67,885	
Add: Current Year Outstanding Warrants			115,451	
Add: Estopped Warrants			548	
Ending Cash Balance			<u>\$ 4,957,983</u>	

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

TEXAS 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	\$ 4,957,983	\$ 4,957,983	\$ 4,957,983	\$ -
Less: Prior Year Outstanding Warrants	(115,451)	(115,451)	(115,451)	
Less: Prior Year Encumbrances	(67,885)	(67,885)	(37,744)	30,141
Beginning Cash Balances, Budgetary Basis	<u>4,774,647</u>	<u>4,774,647</u>	<u>4,804,788</u>	<u>30,141</u>
Receipts:				
Ad Valorem Taxes	1,747,452	1,747,452	1,825,676	78,224
Charges for Services			319,643	319,643
County Sales Tax			71,195	71,195
Intergovernmental Revenues			408,818	408,818
Miscellaneous Revenues			64,351	64,351
Total Receipts, Budgetary Basis	<u>1,747,452</u>	<u>1,747,452</u>	<u>2,689,683</u>	<u>942,231</u>
Expenditures:				
District Attorney State	10	10	-	10
District Attorney County	7,740	7,740	5,994	1,746
County Sheriff	405,205	410,128	398,700	11,428
County Treasurer	188,300	188,300	160,209	28,091
County Commissioners	148,000	148,000	146,504	1,496
OSU Extension	22,500	22,500	22,498	2
County Clerk	326,535	326,535	293,573	32,962
Court Clerk	114,568	114,568	112,111	2,457
County Assessor	116,169	116,256	114,109	2,147
Revaluation of Real Property	278,262	278,262	256,821	21,441
Juvenile Shelter Bureau	103,000	103,000	69,741	33,259
District Court	1,000	1,000	791	209
General Government	768,153	768,153	133,785	634,368
Excise Equalization Board	5,200	5,200	2,349	2,851

continued on next page

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

**TEXAS 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**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	62,556	63,723	52,303	11,420
Insurance	1,434,037	1,434,170	552,373	881,797
Charity	11,000	11,000	6,580	4,420
Fire Fighting Services	122,000	122,000	32,389	89,611
Dispute Mediation	62,869	62,885	60,901	1,984
Civil Defense	51,665	51,665	50,589	1,076
Highway Budget	9,615	9,615	8,031	1,584
County Audit	19,222	37,670	37,670	-
Free Fair	42,108	42,108	42,104	4
Library	2,000	2,000	979	1,021
County Hospital	48,055	48,055	48,055	-
Building Maintenance	2,095,137	2,070,363	376,455	1,693,908
Total Expenditures, Budgetary Basis	6,444,906	6,444,906	2,985,614	3,459,292
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ 77,193</u>	<u>\$ 77,193</u>	4,508,857	<u>\$ 4,431,664</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			110,207	
Add: Current Year Outstanding Warrants			107,045	
Ending Cash Balance			<u>\$ 4,726,109</u>	

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

**TEXAS 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 Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 206,999	\$ 206,999	\$ 210,380	\$ 3,381
Less: Prior Year Outstanding Warrants	(4,065)	(4,065)	(4,065)	
Less: Prior Year Encumbrances	(27,161)	(27,161)	(22,017)	5,144
Beginning Cash Balances, Budgetary Basis	<u>175,773</u>	<u>175,773</u>	<u>184,298</u>	<u>8,525</u>
Receipts:				
Ad Valorem Taxes	268,342	268,342	288,808	20,466
Charges for Services	18,127	18,127	19,214	1,087
Intergovernmental Revenues	93	93	1,170	1,077
Miscellaneous	1,055	1,055	981	(74)
Total Receipts, Budgetary Basis	<u>287,617</u>	<u>287,617</u>	<u>310,173</u>	<u>22,556</u>
Expenditures:				
Health and Welfare	463,390	463,390	286,752	176,638
Total Expenditures, Budgetary Basis	<u>463,390</u>	<u>463,390</u>	<u>286,752</u>	<u>176,638</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	207,719	<u>\$ 207,719</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			32,743	
Add: Current Year Outstanding Warrants			20,853	
Ending Cash Balance			<u>\$ 261,315</u>	

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

**TEXAS 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 Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 260,915	\$ 260,915	\$ 261,315	\$ 400
Less: Prior Year Outstanding Warrants	(20,853)	(20,853)	(20,853)	
Less: Prior Year Encumbrances	(32,743)	(32,743)		32,743
Beginning Cash Balances, Budgetary Basis	<u>207,319</u>	<u>207,319</u>	<u>240,462</u>	<u>33,143</u>
Receipts:				
Ad Valorem Taxes	279,592	279,592	292,108	12,516
Charges for Services	17,292	17,292	18,956	1,664
Intergovernmental Revenues	1,023	1,023	2,074	1,051
Miscellaneous	884	884	624	(260)
Total Receipts, Budgetary Basis	<u>298,791</u>	<u>298,791</u>	<u>313,762</u>	<u>14,971</u>
Expenditures:				
Health and Welfare	506,110	506,110	247,949	258,161
Total Expenditures, Budgetary Basis	<u>506,110</u>	<u>506,110</u>	<u>247,949</u>	<u>258,161</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	306,275	<u>\$ 306,275</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			10,116	
Add: Current Year Outstanding Warrants			5,927	
Add: Estopped Warrants			1,389	
Ending Cash Balance			<u>\$ 323,707</u>	

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

**TEXAS COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE YEAR ENDED JUNE 30, 2009**

Beginning Cash Balance	<u>\$</u> <u>5</u>
Receipts:	<u> -</u>
Total Receipts	<u> -</u>
Disbursed to General Fund	<u> -</u>
Total Disbursements	<u> -</u>
Ending Cash Balance	<u><u>\$</u></u> <u>5</u>

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

**TEXAS COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE YEAR ENDED JUNE 30, 2010**

Beginning Cash Balance	\$ 5
Receipts:	-
Total Receipts	-
Disbursed to General Fund	-
Total Disbursements	-
Ending Cash Balance	\$ 5

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

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

1. Budgetary Schedule

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and 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. Sinking Fund Schedule

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

INTERNAL CONTROL AND COMPLIANCE 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

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
TEXAS COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Texas County, Oklahoma, as of and for the fiscal years ended June 30, 2009 and June 30, 2010, which comprises Texas County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 23, 2011. 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. 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 Texas 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 statement, 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 Texas 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 certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. 2009-1, 2009-2, 2009-3, 2009-4, 2010-1, 2010-2, 2010-3, and 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 Texas 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 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 Texas County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Texas County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Texas 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, 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

May 23, 2011

**TEXAS 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 2009-1 – Estimate of Needs/Financial Statement (Repeat Finding)

Criteria: Accuracy is an overall goal of management in providing detailed information on the County's Estimate of Needs.

Condition: For the County financial statements, the following deficiencies were noted on the Estimate of Needs.

- The original and final budgeted receipts for the General Fund were \$46,094 and \$77,193 more than the original and final budgeted expenditures for fiscal years 2009 and 2010 respectfully.
- The Excise Board approved general fund appropriations in the amount of \$5,468,008.47 for the fiscal year; however, the original appropriation for the 2008-2009 fiscal year was \$6,150,303.91 on the Estimate of Needs. The variance of \$682,295.44 was reported as the original appropriations under "Other Uses" on the Estimate of Needs.
- The amount reported as general fund outstanding warrants for June 30, 2009, was \$192,643.99, however, the actual outstanding warrants at June 30, 2009, for the general fund was \$115,451.47, a variance of \$77,192.52.
- The amount reported as warrants since issued (for June 30, 2008) was \$83,762.71; however, the actual amount of warrants since issued was \$53,112.02, a variance of \$30,650.69.
- The Excise Board approved health department appropriations in the amount of \$287,000 for the fiscal year 2008-2009; however, the original appropriation for the 2008-2009 fiscal year was \$463,390 on the Estimate of Needs. The variance of \$176,390 was reported as the original appropriations under "Other Uses" on the Estimate of Needs.
- The cash fund balance at June 30, 2009, for the County Sales Tax reported on the Estimate of Needs was \$4,825,552.21. The actual cash fund balance at June 30, 2009, was \$4,730,835.03, a variance of \$94,717.18.

Effect: These conditions could result in misappropriations of assets, unrecorded transactions, and misstatements to the financial statements.

Recommendation: OSAI recommends county management ensure detailed, accurate information is reported for all exhibits on the County Estimate of Needs to provide accuracy in financial statement reporting.

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

Views of responsible officials and planned corrective actions:

County Commissioners: Our plan is to correct the situation by hiring a new Certified Public Accountant to prepare the Estimate of Needs and Financial Statement for Texas County. Also, to ensure the accountant has all the correct information needed and do a more thorough review of the completed Financial Statement and Estimate of Needs. Texas County strives to ensure accuracy and maintain a good reputation and good relationship with the State Auditor's Office. The above mentioned situation will be corrected.

Finding 2010-1 - Estimate of Needs/Financial Statement (Repeat Finding)

Criteria: Accuracy is an overall goal of management in providing detailed information on the Estimate of Needs.

Condition: For the County financial statements, the following deficiencies were noted on the Estimate of Needs.

- The Excise Board approved general fund appropriations in the amount of \$5,519,974.89 for the fiscal year; however, the original appropriation for the 2009-2010 fiscal year was \$6,444,906.03 on the Estimate of Needs, a variance of \$924,931.14.
- The amount reported as general fund outstanding warrants for June 30, 2010, was \$2,111.55, however, the actual amount of outstanding warrants at June 30, 2010, for the general fund was \$107,045.18, a variance of \$104,933.63.
- The amount reported as warrants issued and reserved for June 30, 2010, was \$2,975,079.34, however, the actual total of warrants issued and reserved for June 30, 2010, was \$2,985,612.99, a variance of \$10,533.65.

Effect: These conditions could result in misappropriations of assets, unrecorded transactions, and misstatements to the financial statements.

Recommendation: OSAI recommends county management ensure detailed, accurate information is reported for all exhibits on the County Estimate of Needs to provide accuracy in financial statement reporting.

Views of responsible officials and planned corrective actions:

County Commissioners: Our plan is to correct the situation by hiring a new Certified Public Accountant to prepare the Estimate of Needs and Financial Statement for Texas County. Also, to ensure the accountant has all the correct information needed and do a more thorough review of the completed Financial Statement and Estimate of Needs. Texas County strives to ensure accuracy and maintain a good reputation and good relationship with the State Auditor's Office. The above mentioned situation will be corrected.

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

Finding 2009-2—2010-2 – Footnote Disclosure (Repeat Finding)

Criteria: The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. Statement on Auditing Standards (SAS) No. 115 indicates that a control deficiency exists when management does not have adequate 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 preclude the external financial statement auditor from performing 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 prevent or detect misstatements in a timely manner or to ensure all required disclosures are presented with the financial statement.

Effect: The potential exists for misstatements to go undetected, specifically for the completeness of financial statement disclosures.

Recommendation: OSAI recommends the County consider one or more of the following controls:

- Having at least one staff member with sufficient skills necessary to understand the application of accounting principles in regards to the preparation of financial statements.
- Contract an outside firm or individual to review or prepare the financial statements and accompanying notes to the financial statements to ensure appropriate disclosures are presented.

Views of responsible officials and planned corrective actions:

County Commissioners: Our plan is to correct the situation by hiring a new Certified Public Accountant to prepare the Estimate of Needs and Financial Statement for Texas County. Also, to ensure the accountant has all the correct information needed and do a more thorough review of the completed Financial Statement and Estimate of Needs. Texas County strives to ensure accuracy and maintain a good reputation and good relationship with the State Auditor's Office. The above mentioned situation will be corrected.

Finding 2009-3—2010-3 – Bank Reconciliation Approval (Repeat Finding)

Criteria: Accountability is an overall goal of management. To help ensure a proper accounting of funds, bank reconciliations should be reviewed and approved. This approval should be performed by someone other than the preparer.

Condition: Based on the observation of bank reconciliations at June 30, 2009 and June 30, 2010, it was noted there was no documented review and approval of the reconciliation.

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

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

Recommendation: OSAI recommends management implement procedures where bank reconciliations are reviewed and approved by someone other than the preparer, in order to ensure a proper accounting of funds.

Views of responsible officials and planned corrective actions:

County Treasurer: I will have the deputy that reconciles the bank statement initial it and I will initial it after I check it and put it on the monthly report as I have always done in the past with the exception of putting our initials on it.

Finding 2009-4—2010-4 – Reconciliation of Appropriations (Repeat Finding)

Criteria: Effective internal controls include performance of appropriate reconciliations and the retention of copies or records of reconciliations performed and approvals by the appropriate supervising officials.

Condition: The control test of monthly reconciliations of appropriations performed between the County Clerk and County Treasurer indicated that the reconciliations performed between the offices were not formally approved and records of variances and/or corrections were not retained.

Effect: This condition could result in undetected errors, misstated financial reports, or misappropriation of funds.

Recommendation: OSAI recommends that the County officials retain all reconciliation records until the OSAI audit has been completed, so as to provide evidence that controls are in place for the reconciliation of warrants issued and paid between the County Clerk and County Treasurer.

Views of responsible officials and planned corrective actions:

County Treasurer: The Treasurer's Office has been doing monthly reconciliations with the County Clerk. We were never told to initial after we reconcile, but we will do that from now on and keep a copy in our file.

County Clerk: I am a little confused on what to write as it is hard to correct something we are already doing. We have always retained all reconciliation records until and after the OSAI audit has been completed. The field auditors here never checked or asked to see these. Therefore, we already do and have done for years what the finding is. The only thing that was not done was the County Clerk did not initial off on the reconciliations. This has never been done in the 25 years I have worked in the County Clerk's Office and had we been told we should, there would not have been a problem. We assume after 25 years if something is being done wrong, that at least one audit would have caught it. I'm confused with the statement we do not keep the monthly reconciliations, because if we did not keep them, how did someone know we did not initial off on them. I apologize for this and can ensure you this will be corrected.

**TEXAS 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 2009-5—2010-5 – Inmate Trust Disbursements (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, supporting information and documentation for transactions should be completed and filed as necessary to verify the transactions are authorized by the appropriate level of supervision and/or management.

Condition: The test of trust disbursements indicated some payments to reimburse the Texas County Sheriff’s Office for medical bills and/or per diem housing and board were lacking in sufficient documentation to verify payments to a specific inmate or inmates.

Effect: Internal controls over the disbursement process in inmate funds may be insufficient to deter possible misappropriations or fraud.

Recommendation: OSAI recommends that the Texas County Sheriff’s office implement a voucher form to record the reason for the disbursement and to identify to which specific inmate or inmates that the disbursement relates. These forms should be filed in a sequential file by check number or filed as a disbursement record in the inmates’ files.

Views of responsible officials and planned corrective actions:

County Sheriff: We are looking at having a receipt book printed that will be used to show each inmate that money was collected from, for medical or other reasons. The receipt will show check number that was issued by the Sheriff.

Finding 2009-6—2010-6 – Inmate Trust Account (Repeat Finding)

Criteria: Effective internal controls include all accounting records, such as receipt books, bank deposit books, bank account reconciliations, and inmate files and records of bookings and releases, be maintained in a timely and accurate manner and retained for recordkeeping and audit purposes.

Condition: During the audit period, there were three processes by which the Texas County jail administration receipted funds for inmates: 1) the jail staff collected and receipted cash and other property through the “book in” process; 2) the jail staff collected and receipted cash, money orders, etc. that came through the U.S. mail for inmates; 3) the front desk receptionist collected and receipted cash, money orders, etc. brought in by family and friends during the visitation process. Separate receipt books were issued to the jail staff versus the receptionist/front desk office.

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

Effect: Internal controls over the inmate trust bank account were not as effective with regard to deterring misappropriation or fraud.

Recommendation: OSAI recommends the following:

- Have receipt books printed three to a page with a separate number series for use by the jail staff versus the front desk/reception staff.
- Receipt books should be reviewed daily to verify that receipts are issued in sequence, none are being skipped.
- Identify the dollar amount of stale-dated checks being carried over month to month and use the amount as a “reconciling item” in completing a full reconciliation of the bank account monthly.
- As a control, in order to reduce the amount of cash being handled by staff, consider a new policy to accept cash only during the “book-in” process, and encourage/require trust funds to be paid by money order or cashier’s check only.
- OSAI recommends greater emphasis on processing and depositing inmate trust collections daily.

Views of responsible officials and planned corrective actions:

County Sheriff: We will be changing receipt books and changing to money orders or cashier’s checks for funds being left for inmates. Looking at closing inmate account and re-opening with a new account number to take care of stale-dated checks. We are also looking at using a Commissary Company.



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