

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

February 13, 2006

TO THE CITIZENS OF
CANADIAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Canadian County, Oklahoma, for the fiscal year ended June 30, 2005. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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

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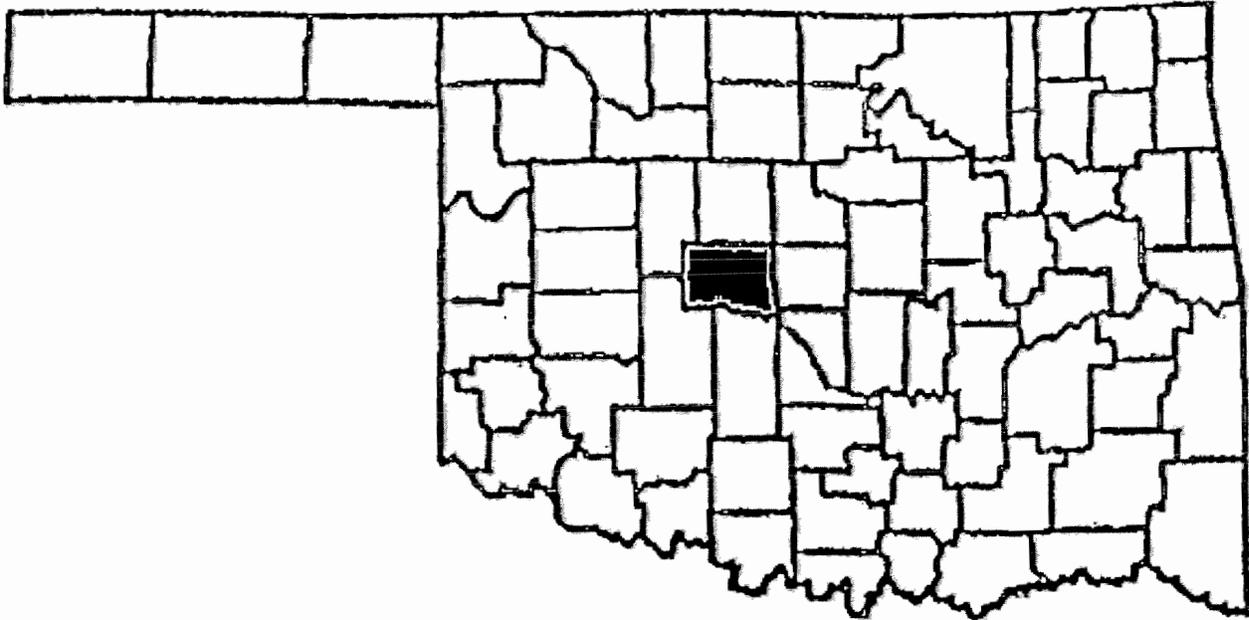
**CANADIAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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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 - 95,505
(2004 est.)

Farms - 1,360

Land in Farms - 500,872 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

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

COUNTY ASSESSOR

Ron Funck
(R) El Reno

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

Phyllis Blair
(R) El Reno

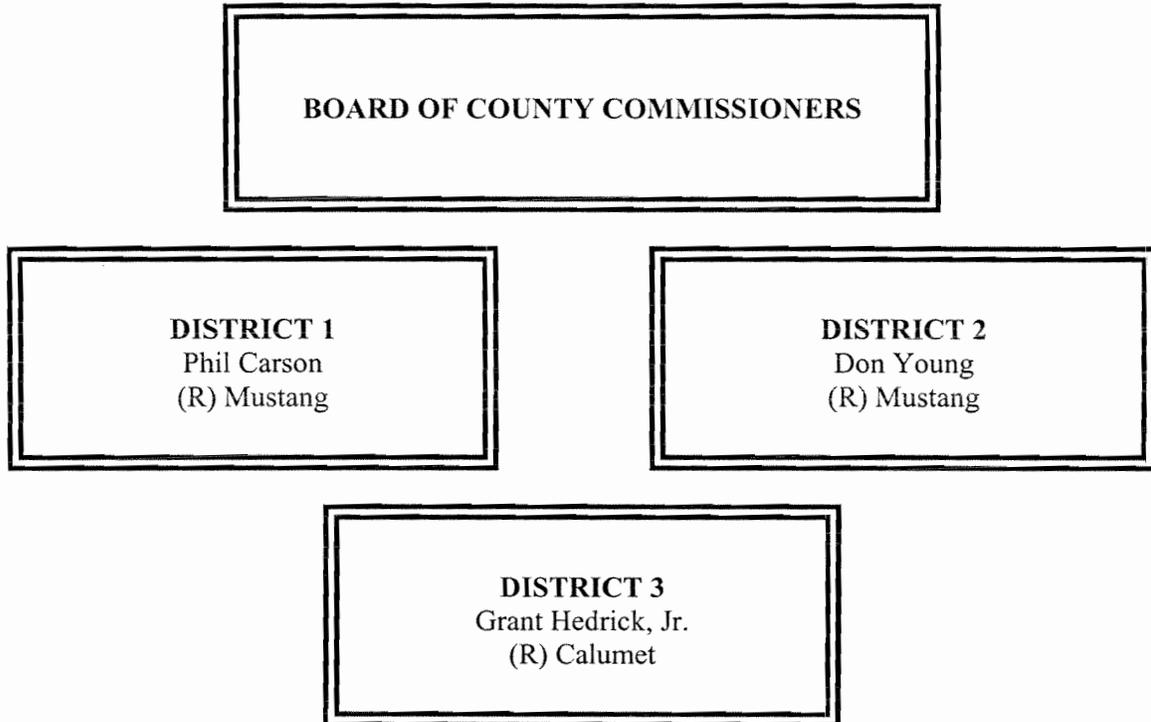
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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 YEAR ENDED JUNE 30, 2005**



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

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

COUNTY SHERIFF
Lewis Hawkins
(R) Yukon

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
David Radcliff
(R) El Reno

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

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

COURT CLERK
Dee Ray
(R) Union City

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY
Cathy Stocker
(R) Enid

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 YEAR ENDED JUNE 30, 2005**

ELECTION BOARD SECRETARY

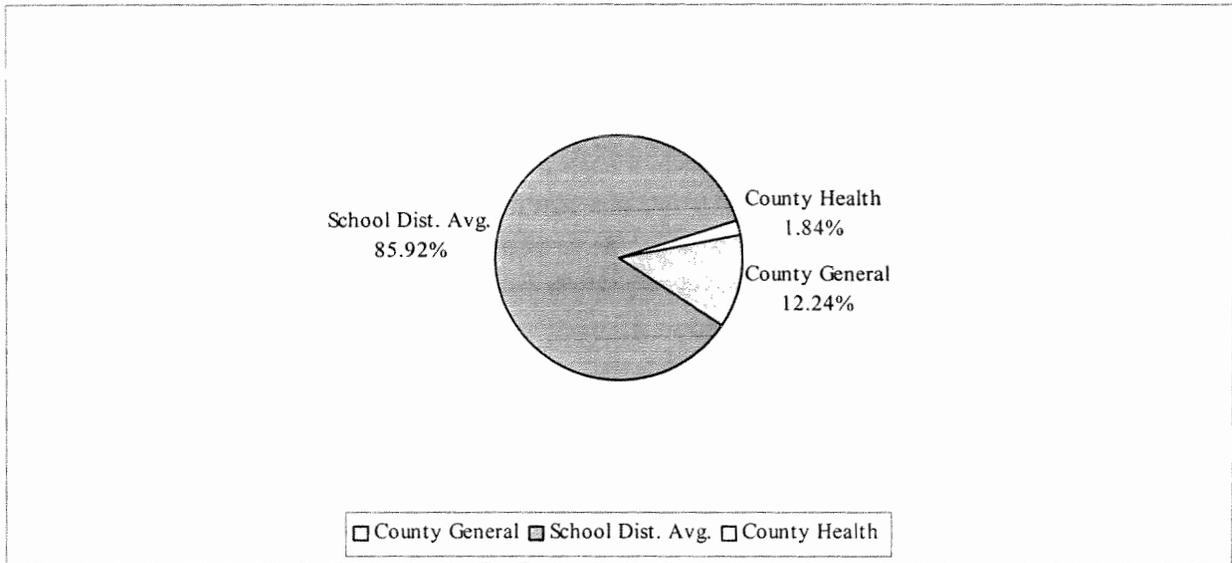
Dorothy C. Riley
(D) El Reno

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.

**CANADIAN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
Co. General	10.39								
County Health	1.56	Minco	J1-2	38.46	5.49	24.55	15.60	4.16	88.26
		Deer Creek	J1-6	35.38	5.05	32.59	15.16	4.16	92.34
		Lookeba-Sickles	J1-12	42.96	6.14	9.78	11.47	4.16	74.51
<u>EMS Millages</u>									
Sugar Creek	3.00	Piedmont	J1-22	36.75	5.25	21.01	15.60	4.16	82.77
Geary	3.11	Yukon	I-27	36.53	5.22	24.84	15.60	4.16	86.35
		Riverside	D-29	36.01	5.14		15.60	4.16	60.91
		Banner	D-31	36.12	5.16		15.60	4.16	61.04
<u>City Millages</u>									
Mustang I-69	4.51	El Reno	I-34	36.01	5.14	24.94	15.60	4.16	85.85
Oklahoma City I-69	14.73	Union City	I-57	36.17	5.17	23.54	15.60	4.16	84.64
		Mustang	I-69	36.31	5.19	22.90	15.60	4.16	84.16
		Darlington	D-70	36.65	5.24		15.60	4.16	61.65
		Calumet	I-76	36.37	5.20	22.85	15.60	4.16	84.18
		Geary	J1-80	36.24	5.18			4.16	45.58
		Cashion	J1-89	37.03	5.29	6.20		4.16	52.68
		Okarche	J1-105	36.19	5.17	6.53		4.16	52.05
		Hinton	J1-161	36.41	5.20	14.94	11.47	4.16	72.18
		Maple	D-162	36.98	5.28	8.65	15.60	4.16	70.67

See independent auditor's report.

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

Total net assessed value as of January 1, 2004		<u>\$ 491,233,311</u>
Debt limit - 5% of total assessed value		24,561,666
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>482</u>	<u>-</u>
Legal debt margin		<u>\$ 24,561,666</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, 2005
(UNAUDITED)**

	2004
Estimated population	95,505
Net assessed value as of January 1, 2004	\$ 491,233,311
Gross bonded debt	-
Less available sinking fund cash balance	482
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, 2005
(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>
1/1/2004	\$66,229,882	\$46,824,130	\$401,249,910	\$23,070,611	\$491,233,311	\$4,100,584,539

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
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 year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Canadian County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

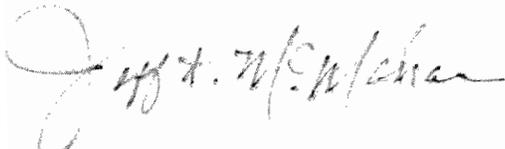
As described in Note 1, this financial statement was prepared using accounting practices prescribed by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Canadian County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2005, 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 statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



JEFF A. McMAHAN
State Auditor and Inspector

December 12, 2005

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, 2005**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:						
County General Fund	\$ 2,389,358	\$ 6,641,299	\$ 31,703	\$	\$ 6,789,992	\$ 2,272,368
Highway Cash	2,532,333	5,438,417			4,972,799	2,997,951
County Health Department	907,625	821,332			523,130	1,205,827
Resale Property	669,362	253,130		(95,110)	116,703	710,679
Community Service Sentencing Program	41,788				29,629	12,159
Assessor Visual Inspection Investment	73,013	870				73,883
Assessor Revolving	14,854	10,717				25,571
Sheriff Service Fee	478,101	647,236			821,935	303,402
Sheriff Training	10,626				70	10,556
Sheriff Commissary	44,945	30,602			27,821	47,726
Sheriff Prisoner Care	85,453	156,879			228,400	13,932
Sheriff Reward Fund/Trash Cop	12,128	203				12,331
Sheriff Federal Equitable Sharing	18,556	12,900			19,791	11,665
Grant Cash Voucher Fund	2,943	66,414			35,742	33,615
Juvenile Salary	20				20	
Youth and Family		19,500			19,500	
Treasurer Mortgage Tax Certification Fee	132,786	43,355			13,805	162,336
County Clerk Lien Fee	13,262	26,903			13,537	26,628
County Clerk Records Preservation Fee	210,355	167,915			150,621	227,649
Insurance Reimbursement	866				866	
Emergency Management	26,266	2,168			11,188	17,246
Emergency Management Shelter	4,643	144,003			105,735	42,911
Flood Plain	400					400
County River Bridge Improvement	219,133	223,536			221,281	221,388
Judgment Sinking	383	138,857			138,758	482
Combined Total—All County Funds	<u>\$ 7,889,199</u>	<u>\$14,846,236</u>	<u>\$ 31,703</u>	<u>\$(95,110)</u>	<u>\$14,241,323</u>	<u>\$ 8,430,705</u>

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

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

B. Fund Accounting

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

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

County General Fund - accounts for the general operations of the government.

Highway Cash - accounts for state, local and miscellaneous receipts and disbursements are 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.

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

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.

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

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

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.

Grant Cash Voucher Fund - accounts for monies received from state grants to be transferred to the REAP account.

Juvenile Salary - accounts for the reimbursement of salaries paid by the Office of Juvenile Affairs, used to provide guardians for juveniles in the court system.

Youth and Family - accounts for the receipts and disbursements of federal funds for emergency shelter.

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 Registrar of Deeds 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 receipt and disbursement of funds from state and local governments for civil defense purposes.

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

Emergency Management Shelter - accounts for the receipt and disbursement of funds from federal governments for the purpose of reimbursements on storm cellars.

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

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

Judgment Sinking – accounts for the receipt and disbursement of monies to pay for the judgment levied against the public school in Canadian County.

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

C. Basis of Accounting

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

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. On or before 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 by fund, 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.

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

E. Cash

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

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

F. Investments

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may accumulate up to a maximum of 120 hours. 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.

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

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, 2004, was approximately \$491,233,311.

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 the county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2005, were approximately 97.61 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:

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

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 		
Worker's Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

5. Long-term Obligations

Capital Leases

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

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation, which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$733,531, \$655,743, and \$608,623, 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.

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

8. Contingent Liabilities

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

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 FISCAL YEAR ENDED JUNE 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,389,358	\$ 2,389,358	\$ 2,389,358	\$ -
Less: Prior Year Outstanding Warrants	(277,610)	(277,610)	(277,610)	
Less: Prior Year Encumbrances	(241,453)	(241,453)	(207,157)	34,296
Beginning Cash Balances, Budgetary Basis	<u>1,870,295</u>	<u>1,870,295</u>	<u>1,904,591</u>	<u>34,296</u>
Receipts:				
Ad Valorem Taxes	4,639,922	4,639,922	5,032,449	392,527
Charges for Services	732,202	742,766	835,017	92,251
Intergovernmental Revenues	442,323	442,323	545,617	103,294
Miscellaneous Revenues	66,559	66,559	228,216	161,657
Total Receipts, Budgetary Basis	<u>5,881,006</u>	<u>5,891,570</u>	<u>6,641,299</u>	<u>749,729</u>
Expenditures:				
District Attorney	17,662	17,662	11,744	5,918
Capital Outlay	2,000	2,000	2,802	(802)
Total District Attorney	<u>19,662</u>	<u>19,662</u>	<u>14,546</u>	<u>5,116</u>
County Sheriff	1,669,332	1,669,332	1,645,281	24,051
Capital Outlay	22,000	22,000	11,932	10,068
Total County Sheriff	<u>1,691,332</u>	<u>1,691,332</u>	<u>1,657,213</u>	<u>34,119</u>
County Treasurer	332,739	332,739	310,977	21,762
Total County Treasurer	<u>332,739</u>	<u>332,739</u>	<u>310,977</u>	<u>21,762</u>
OSU Extension	214,926	212,451	212,176	275
Capital Outlay	2,720	5,195	5,167	28
Total OSU Extension	<u>217,646</u>	<u>217,646</u>	<u>217,343</u>	<u>303</u>
County Commissioners	162,021	162,021	153,215	8,806
Capital Outlay	8,500	4,500	1,577	2,923
Total County Commissioners	<u>170,521</u>	<u>166,521</u>	<u>154,792</u>	<u>11,729</u>
County Clerk	396,068	400,694	391,025	9,669
Capital Outlay	16,000	11,374	11,311	63
Total County Clerk	<u>412,068</u>	<u>412,068</u>	<u>402,336</u>	<u>9,732</u>

continued on next page

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

CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Court Clerk	456,966	456,966	442,065	14,901
Capital Outlay	2,500	2,500	2,165	335
Total Court Clerk	<u>459,466</u>	<u>459,466</u>	<u>444,230</u>	<u>15,236</u>
County Assessor	417,514	426,814	412,523	14,291
Capital Outlay	22,000	22,000	13,670	8,330
Total County Assessor	<u>439,514</u>	<u>448,814</u>	<u>426,193</u>	<u>22,621</u>
Revaluation of Real Property	268,861	268,861	254,852	14,009
Capital Outlay	17,000	17,000	3,655	13,345
Total Revaluation of Real Property	<u>285,861</u>	<u>285,861</u>	<u>258,507</u>	<u>27,354</u>
General Government	703,422	684,297	523,317	160,980
Capital Outlay	45,000	74,890	71,345	3,545
Total General Government	<u>748,422</u>	<u>759,187</u>	<u>594,662</u>	<u>164,525</u>
Excise-Equalization Board	12,250	12,250	8,002	4,248
Total Excise-Equalization Board	<u>12,250</u>	<u>12,250</u>	<u>8,002</u>	<u>4,248</u>
County Election Board	195,600	204,163	182,614	21,549
Capital Outlay	5,000	7,000	6,886	114
Total County Election Board	<u>200,600</u>	<u>211,163</u>	<u>189,500</u>	<u>21,663</u>
Insurance	1,233,861	1,244,311	1,226,986	17,325
Total Insurance	<u>1,233,861</u>	<u>1,244,311</u>	<u>1,226,986</u>	<u>17,325</u>
County Purchasing Agent	50,871	50,871	47,047	3,824
Total County Purchasing Agent	<u>50,871</u>	<u>50,871</u>	<u>47,047</u>	<u>3,824</u>
Data Processing	171,362	156,253	108,039	48,214
Capital Outlay	10,000	10,000	10,200	(200)
Total Data Processing	<u>181,362</u>	<u>166,253</u>	<u>118,239</u>	<u>48,014</u>
Charity	1,600	1,600	800	800
Total Charity	<u>1,600</u>	<u>1,600</u>	<u>800</u>	<u>800</u>
Emergency Management	53,480	40,796	20,111	20,685
Capital Outlay	20,000	11,100	6,359	4,741
Total Emergency Management	<u>73,480</u>	<u>51,896</u>	<u>26,470</u>	<u>25,426</u>

continued on next page

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

CANADIAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Highway Budget	333,257	338,612	303,758	34,854
Capital Outlay	664,670	664,670	213,872	450,798
Total Highway Budget	<u>997,927</u>	<u>1,003,282</u>	<u>517,630</u>	<u>485,652</u>
County Audit Budget	49,123	49,123	30,271	18,852
Total County Audit Budget	<u>49,123</u>	<u>49,123</u>	<u>30,271</u>	<u>18,852</u>
Free Fair Budget	113,034	120,334	120,023	311
Capital Outlay	6,300			
Total Free Fair Budget	<u>119,334</u>	<u>120,334</u>	<u>120,023</u>	<u>311</u>
School Film	51,062	55,486	55,472	14
Capital Outlay	600			
Total School Film	<u>51,662</u>	<u>55,486</u>	<u>55,472</u>	<u>14</u>
Provision for Interest on Warrants	2,000	2,000	199	1,801
Total Expenditures, Budgetary Basis	<u>7,751,301</u>	<u>7,761,865</u>	<u>6,821,438</u>	<u>940,427</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,724,452	<u>\$ 1,724,452</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Transfer In			31,703	
Add: Current Year Encumbrances			236,644	
Add: Current Year Outstanding Warrants			279,569	
Ending Cash Balance			<u>\$ 2,272,368</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 FISCAL YEAR ENDED JUNE 30, 2005**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 907,625	\$ 907,625	\$ 907,625	\$ -
Less: Prior Year Outstanding Warrants	(4,765)	(4,765)	(4,765)	
Less: Prior Year Encumbrances	(10,700)	(10,700)	(10,700)	
Beginning Cash Balances, Budgetary Basis	<u>892,160</u>	<u>892,160</u>	<u>892,160</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	696,658	696,658	755,607	58,949
Charges for Services			27,022	27,022
Intergovernmental Revenue			9,976	9,976
Miscellaneous Revenues			28,727	28,727
Total Receipts, Budgetary Basis	<u>696,658</u>	<u>696,658</u>	<u>821,332</u>	<u>124,674</u>
Expenditures:				
Health and Welfare	846,910	846,910	522,644	324,266
Capital Outlay	741,908	741,908	111,713	630,195
Total Expenditures, Budgetary Basis	<u>1,588,818</u>	<u>1,588,818</u>	<u>634,357</u>	<u>954,461</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,079,135	<u>\$ 1,079,135</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			125,179	
Add: Current Year Outstanding Warrants			1,513	
Ending Cash Balance			<u>\$ 1,205,827</u>	

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

**CANADIAN COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Beginning Cash Balance	<u>\$ 383</u>
Receipts:	
Ad Valorem Tax	<u>138,857</u>
Total Receipts	<u>138,857</u>
Disbursements:	
County Judgments	124,177
Interest Paid	<u>14,581</u>
Total Disbursements	<u>138,758</u>
Ending Cash Balance	<u><u>\$ 482</u></u>

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

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

1. Budgetary Schedules

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

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

2. 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.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
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 year ended June 30, 2005, which comprises Canadian County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 12, 2005. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Canadian County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Canadian County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2005-3, 2005-5 and 2005-6.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-6 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canadian 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*. However, we noted certain matters that we reported to the management of Canadian County, which are included in Section 2 of the schedule of findings contained in this report.

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



JEFF A. McMAHAN
State Auditor and Inspector

December 12, 2005

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

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 2005-3 – Tax Roll Audit

Criteria: Effective internal controls include accurate and consistent records to provide assurance that the collection and accounting process is valid. Accounting controls over the ad valorem tax collection process should include tax roll audits prepared at June 30 for the current year taxes. A tax roll audit should reflect collections by the Treasurer and those outstanding taxes for each school district and reconciled at the end of each fiscal year.

Condition: The Treasurer’s office did not prepare a tax roll audit for June 30, 2005. The tax system cannot be “run” at a later date and accurately reflect the total taxes collected and outstanding for June 30, 2005; therefore, it was not possible to reconcile the Treasurer’s collected taxes at June 30, 2005, for 2004 taxes.

Recommendation: We recommend the Treasurer prepare at June 30, 2005, an audit of outstanding taxes, to ensure that all collections, corrections and outstanding taxes have been accurately reported.

Views of responsible officials and planned corrective actions: This problem has been put on list of to do for next year end. It will be printed June 30 of each year.

Finding 2005-5 – Reconciliation of Ad Valorem Collections

Criteria: Effective internal controls include accurate and consistent County Treasurer’s records to provide assurance that the collection process is valid.

Condition: A reconciliation of daily ad valorem tax receipts to the monthly total of ad valorem taxes was performed for the months of November 2004 thru June 2005, for current 2004 taxes. The reconciliations were performed reconciling the daily reports to the general ledger and then reconciling the ACL taxes paid to the reported daily ledger totals. Two months current taxes could not be reconciled between the ACL collection and the daily report collection:

January	\$8,223.42 – Variance actual receipts reflected fewer collections than reported for the month
March	\$11,172.20 – Variance actual receipts reflected more collections than reported for the month

Cause: After much inquiry, the Treasurer’s office was unable to explain these variances.

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

Recommendation: We recommend the Treasurer's office reconcile daily ad valorem collections received to the daily report and then reconcile daily reports to the general ledger for that date. Further, we recommend the daily amounts reported on the general ledger be reconciled to monthly amounts reported on the Treasurer's monthly report to provide effective internal controls over the ad valorem tax collection, receipt, distribution and reporting process.

Views of responsible officials and planned corrective actions: This problem involved perfecting the protest tax portion of the new system. It is now corrected.

Finding 2005-6 – Segregation of Duties

Criteria: Accountability is an overall goal in evaluating management's stewardship for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: The limited number of office personnel within the County Sheriff's office prevents a proper segregation of accounting functions, which is necessary to assure an adequate internal control structure.

Cause: This lack of segregation of duties is caused by the limited number of employees.

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

Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of those operations.

Views of responsible officials and planned corrective actions: Management chose not to respond.

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 2005-1 – Protest Tax

Criteria: In accordance with 19 O.S. 2001, § 625 which states, "The treasurer shall be the collector of taxes, and shall keep his office at the county seat. He shall be charged with the amount of all tax lists in his hands for collection, and credited with the amount collected thereon, and the delinquent list, and shall keep a fair and accurate current account of the monies by him received showing the amount thereof, the

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

time when, from whom, and on what account received, in cash, warrants, county or road orders; and if in warrants or orders, their kind, number or other designation, amounts for which they were drawn, interest due thereon, and the amounts of the receipts thereon endorsed, if any; also of all disbursements by him made, showing the time when, to whom, on what account, and the amounts paid, and he shall so arrange his books that the amounts received and paid on account of each separate and distinct fund or appropriation shall be exhibited in separate and distinct columns or accounts, and so as to show whether the same was received or paid in cash, or warrants or orders, and if either of the latter, their designation and other particulars as above required; and the county treasurer shall at all times exhibit such accounts when desired, to the state, county or school officers entitled to examine the same and shall at any time pay over the balance in his hands to them, upon receiving proper vouchers.”

Condition:

1. The Treasurer could not provide a record detailing the activity for the total amount of taxes paid under protest, any interest received or any taxes released under protest. At the audit date, the County had 12 taxpayers (companies) who had protested current and/or prior taxes; however, there was not a ledger documenting the protested taxes to be balanced against the general ledger.
2. For the current year 2004 ad valorem taxes, eight companies protested all or part of the taxes during this audit year, totaling \$856,556.46. The Treasurer’s office set up a file folder for each company with paperwork; however, there was no documentation of activity for the year.
3. The Treasurer’s monthly report on page 2 for protested taxes had not been completed and the fund line did not reflect accurately the protested taxes collected for each month.
4. It could not be determined how protested taxes were reported, because the method of receipt was accounted for on miscellaneous receipts and/or official depository receipts. Instances were also noted where deposits were made through the Treasurer’s Trust Account.

Recommendation: We recommend the Treasurer implement policies and procedures to provide accurate records of protested taxes collected and the activity of such accounts while in the custody of the County, in accordance with 19 O.S. 2001, § 625.

Views of responsible officials and planned corrective actions:

1. The information on the protest tax was all available; it was just not in the format that was requested. This format had never been requested before. It is now corrected.
2. There was documentation just not in the format requested. It is now corrected.
3. This has been corrected.
4. The old system (Manatron) was not set up to account for method of receipt. The new system will show method of receipt on tax receipt.

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

Finding 2005-2 – Tax Roll Corrections

Criteria: Title 68 O.S. 2001, § 2871 states in part, the county treasurer can only make corrections to the Certified Tax Roll “only on authority of a proper certificate authorized by law”.

Condition: Of the 42 Tax Roll certificates approved by the Tax Roll Board, certificate numbers 2004-201 and 2004-203 were for double assessments. These certificates had different tax roll amounts recorded than the tax roll correction form indicated. The tax certificate form had been completed by the Assessor with the assessment values and not the tax values, and the forms had been approved by the Tax Roll Board for those amounts. As the corrections were entered by the Treasurer’s office, the valuation amounts were changed to reflect the correct tax amounts, but were not approved by the Board of Tax Roll Corrections.

Effect: Violation of 68 O.S. 2001, § 2871, in which the tax charged was different than that approved by the Tax Roll Board.

Recommendation: We recommend the County Treasurer comply with 68 O.S. 2001, § 2871, and not alter the tax rolls without proper approval of the Board of Tax Roll Corrections.

Views of responsible officials and planned corrective actions: All future corrections will be sent back to the Assessor’s office for them to correct and send to the Board of Tax Roll Corrections.

Finding 2005-4 – Lock Box Ad Valorem Tax Collection

Criteria: In accordance with 19 O.S. 2001, § 625 which states, “The treasurer shall be the collector of taxes, and shall keep his office at the county seat. He shall be charged with the amount of all tax lists in his hands for collection, and credited with the amount collected thereon, and the delinquent list, and shall keep a fair and accurate current account of the monies by him received showing the amount thereof, the time when, from whom, and on what account received, in cash, warrants, county or road orders; and if in warrants or orders, their kind, number or other designation, amounts for which they were drawn, interest due thereon, and the amounts of the receipts thereon endorsed, if any; also of all disbursements by him made, showing the time when, to whom, on what account, and the amounts paid, and he shall so arrange his books that the amounts received and paid on account of each separate and distinct fund or appropriation shall be exhibited in separate and distinct columns or accounts, and so as to show whether the same was received or paid in cash, or warrants or orders, and if either of the latter, their designation and other particulars as above required; and the county treasurer shall at all times exhibit such accounts when desired, to the state, county or school officers entitled to examine the same and shall at any time pay over the balance in his hands to them, upon receiving proper vouchers.”

Condition: Using automated (ACL) files obtained from the County Treasurer’s ad valorem tax computer system, five days were selected randomly to reconcile the amount of ad valorem taxes collected per receipts to the amount reported on daily reports.

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

We were unable to reconcile taxes collected to the amounts reported on December 7 and December 16, 2004. On December 7, 2004, the difference was \$284,635.50 and on December 16, 2004, the difference was \$792,068.29. In both cases, more taxes receipted were documented than was reported on the same days' daily reports. Further inquiry revealed that "Lock Box collections" collected on those dates, were not entirely included on the same days' daily report. Additionally, protested taxes were not reflected on the daily report.

Recommendation: We recommend the Treasurer comply with 19 O.S. 2001, § 625 and provide accurate and current records of ad valorem taxes received and reported.

Views of responsible officials and planned corrective actions: We spoke with the programmer for Canadian County Treasurer's computer program concerning the problem. He assured us that the cause was with program timing when receipt numbers and transaction numbers were pulled. He corrected the problem.