

KAY COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**KAY COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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October 21, 2008

TO THE CITIZENS OF
KAY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kay County, Oklahoma, for the fiscal year ended June 30, 2007. 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 blue ink signature of Steve Burrage, written in a cursive style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

A blue ink signature of Michelle R. Day, written in a cursive style.

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

**KAY COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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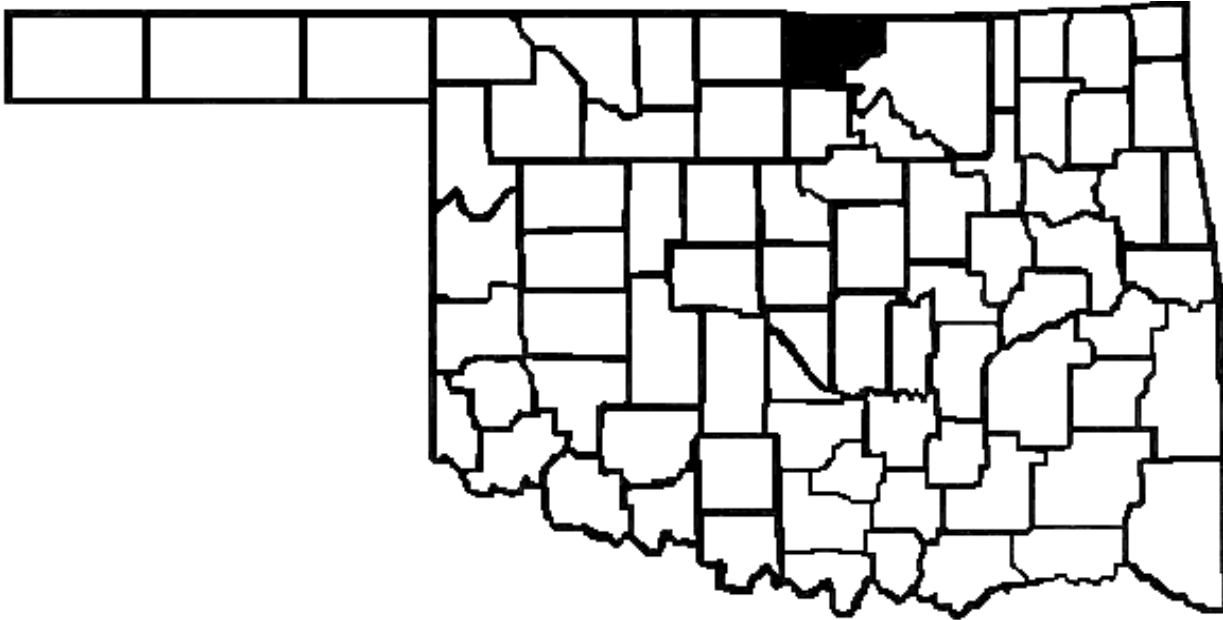
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**REPORT TO THE CITIZENS
OF
KAY COUNTY, OKLAHOMA**



Located in north central Oklahoma bordering Kansas, Kay County was formed from the “Cherokee Strip” or “Cherokee Outlet.” Originally designated as county “K,” its name means simply that.

Newkirk, the county seat, is home of the Kay County Courthouse, originally built in 1894 and replaced with the current stone courthouse in 1926. The economy of the county is based on petroleum wealth as well as productive agricultural land. Blackwell, the second largest city, is located in the midst of the rich Chikaskia River farmland.

Kaw Dam and Reservoir, part of the \$1.2 billion plan for the Arkansas River in Oklahoma and Arkansas, is located in Kay County. Other attractions include the 101 Ranch site, Pioneer Woman Statue and Museum, the Chilocco Indian School, Ponca City Cultural Center and Indian Museum, and the Marland Mansion, all in Ponca City. Annual events include the Iris Festival in April and the 101 Ranch Rodeo in August.

Kay County was once home to Territorial Governor William M. Jenkins and infamous outlaw Belle Starr. Three history books have been written about the county. They are: *Diamond Jubilee*, *The Last Run*, and *Keepsakes and Yesteryears*. Historical societies are located in Newkirk and Tonkawa. For more info, call the county clerk at (580) 362-2537.

County Seat – Newkirk

Area – 945.12 Square Miles

County Population – 46,480
(2005 est.)

Farms – 1,003

Land in Farms – 479,927 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

**KAY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY ASSESSOR
Judy Barnes

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
Tammy Reese

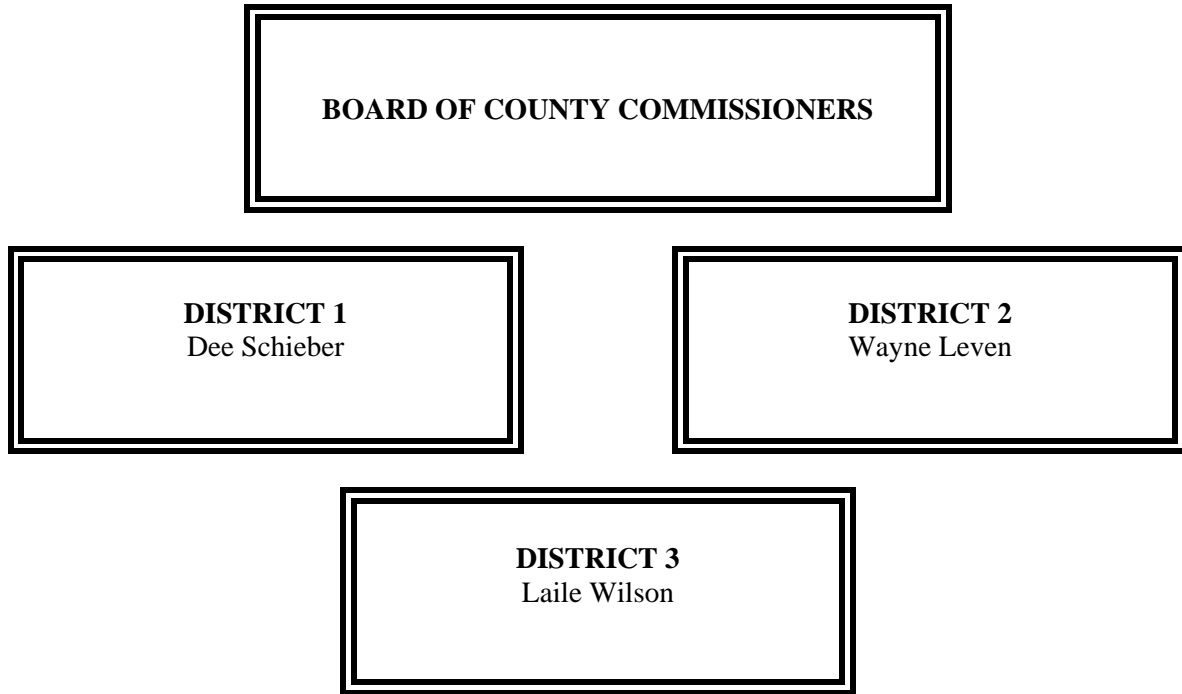
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**KAY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



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.

**KAY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY SHERIFF
Everett Van Hoesen

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
Christy Kennedy

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.

**KAY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COURT CLERK
Mary Rame

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
Mark Gibson

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.

**KAY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

ELECTION BOARD SECRETARY Carol Kellum

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.

**KAY COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Total net assessed value as of January 1, 2006		<u>\$ 280,604,797</u>
Debt limit - 5% of total assessed value		14,030,240
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>\$ -</u>
Legal debt margin		<u>\$ 14,030,240</u>

See independent auditor's report.

KAY COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	<u>2007</u>
Estimated population	<u>46,480</u>
Net assessed value as of January 1, 2006	<u>\$ 280,604,797</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>-</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**KAY COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$97,301,059	\$34,625,152	\$159,777,880	\$11,099,294	\$280,604,797	\$2,393,565,646

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF KAY COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kay County, Oklahoma, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Kay County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Kay County as of June 30, 2007, 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 Kay County, for the year ended June 30, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2008, on our consideration of Kay 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.


STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR


MICHELLE R. DAY, ESQ
DEPUTY STATE AUDITOR & INSPECTOR

October 20, 2008

Basic Financial Statement

KAY COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
General Fund	\$ 989,030	\$ 4,233,729	\$ 4,283,905	\$ 938,854
Highway Cash	807,501	4,044,532	3,934,935	917,098
BIA - Road Projects	13,307	4,173,992	4,177,392	9,907
VI Reimbursement	59,943	17,066	10,471	66,538
Payroll Tax (EFTPS)	8,836	802,149	803,360	7,625
Resale Property	185,941	110,367	115,197	181,111
County Health Department	456,730	559,217	591,693	424,254
Sheriff Jail Cash	96,398	279,504	327,202	48,700
Sheriff Service Fee	81,036	149,738	172,386	58,388
Sheriff Commissary	7,664	10,823	16,039	2,448
Sheriff LLEBG Grant	188	7		195
County Clerk Lien Fee	25,211	18,981	20,654	23,538
County Clerk Records Preservation	139,473	57,510	135,635	61,348
County Treasurer Mortgage Cert.	38,534	11,125	11,143	38,516
Sheriff Training	544	825		1,369
CSSP	3,721	1,581	2,000	3,302
LEPC Grant Cash Fund	6,808	5,034	8,636	3,206
EMA	22,223	44,740	47,411	19,552
Juvenile Accountability Incentive Block Grant	3,015			3,015
County Cash Improvement	12,859	6,491	15,681	3,669
Official Petty Cash	315			315
Sheriff Edward Byrne Grant	27	3,257	3,284	
Combined Total -- All County Funds	\$ 2,959,304	\$ 14,530,668	\$ 14,677,024	\$ 2,812,948

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

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 Kay 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:

General Fund – revenues are from ad valorem taxes, officers' fees, interest earnings and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

BIA – Road Projects – accounts for funding received by Indian nations from the Bureau of Indian Affairs and disbursed to the County as a vendor for special road projects.

VI Reimbursement (Visual Inspection) – revenues are from entities who receive ad valorem taxes. Disbursements are for the re-valuation of county property.

Payroll Tax (EFTPS) – account used to deposit and transfer employee payroll taxes to the I.R.S.

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

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Sheriff Jail Cash – revenues are from fees earned by the County for boarding other governments' prisoners in the county jail. Disbursements are for the operation of the county jail.

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

Sheriff Commissary – revenues are from profits on commissary sales in the county jail. Disbursements are for jail improvements.

Sheriff LLEBG Grant – revenues are from a Department of Justice grant. Disbursements are for a deputy's salary.

County Clerk Lien Fee – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

County Clerk Records Preservation – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

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

Sheriff Training – revenues are from the sale of property forfeited in drug cases. Disbursements are for officer training, equipment and crime prevention.

CSSP – revenues are from state funds reimbursing the expenses of operating a community service sentencing program. Disbursements are for any activity or equipment needed for the people fulfilling community service sentences.

LEPC Grant Cash Fund – revenues are from a grant for the Local Emergency Planning Committee at Ponca City. Disbursements are for emergency planning.

EMA – revenues are from state and federal funds. Disbursements are for emergency management expenses.

Juvenile Accountability Incentive Block Grant – revenues are from the U.S. Department of Justice. Disbursements are to strengthen and promote greater accountability in the Juvenile Justice System.

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

County Cash Improvement – revenues are from a county use tax. Disbursements are used to maintain the courthouse (pest control, heating and air, etc.).

Official Petty Cash – accounts for change funds held by various county offices.

Sheriff Edward Byrne Grant – revenues are from a federal grant. Disbursements are for equipment for the Sheriff's office.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including 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. Any trust or agency funds maintained by the County are not included in the presentation.

C. Basis of Accounting

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

D. Budget

Under current Oklahoma Statutes, 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 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.

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

All full-time employees are entitled to vacation leave as provided by the elected official, but not to exceed the schedule as provided by statute. Vacation must be earned before it is taken. No vacation leave shall be accumulated beyond the accumulation limit. Upon termination, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.

Sick leave accrual rates are at the discretion of elected officials and may not exceed 45 days. Sick leave is not paid 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

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, 2006, was approximately \$280,604,797.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.25 mills for general fund operations and 1.79 mills for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 97.88 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.

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 	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.
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	None

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

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

KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$373,975, \$352,628, and \$303,740, 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.

**KAY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

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.

OTHER SUPPLEMENTARY INFORMATION

KAY 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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 989,030	\$ 989,030	\$ 989,030	\$ -
Less: Prior Year Outstanding Warrants	(101,292)	(101,292)	(101,292)	
Less: Prior Year Encumbrances	(75,963)	(75,963)	(53,016)	22,947
Beginning Cash Balances, Budgetary Basis	811,775	811,775	834,722	22,947
Receipts:				
Ad Valorem Taxes	2,663,147	2,663,147	2,549,604	(113,543)
Charges for Services	193,731	193,731	349,013	155,282
Intergovernmental Revenues	399,067	915,099	915,261	162
Miscellaneous Revenues	111,785	315,832	419,851	104,019
Total Receipts, Budgetary Basis	3,367,730	4,087,809	4,233,729	145,920
Expenditures:				
District Attorney	38,000	38,050	38,007	43
Total District Attorney	38,000	38,050	38,007	43
County Sheriff	1,000,000	997,672	997,613	59
Total County Sheriff	1,000,000	997,672	997,613	59
County Treasurer	126,378	126,378	126,378	
Capital Outlay	5	5		5
Total County Treasurer	126,383	126,383	126,378	5
County Commissioners	147,450	147,450	145,440	2,010
Capital Outlay	5	5		5
Total County Commissioners	147,455	147,455	145,440	2,015
OSU Extension	101,767	100,823	100,360	463
Total OSU Extension	101,767	100,823	100,360	463
County Clerk	141,900	140,951	140,123	828
Capital Outlay	5	5		5
Total County Clerk	141,905	140,956	140,123	833
Court Clerk	228,490	228,490	227,846	644
Total Court Clerk	228,490	228,490	227,846	644
County Assessor	138,000	136,528	136,274	254
Capital Outlay	5	5		5
Total County Assessor	138,005	136,533	136,274	259

continued on next page

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

KAY 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, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	248,520	248,520	237,250	11,270
Capital Outlay	5	5		5
Total Revaluation of Real Property	248,525	248,525	237,250	11,275
District Court	42,600	43,488	43,488	
Total District Court	42,600	43,488	43,488	-
General Government	478,645	488,026	359,776	128,250
Capital Outlay	5	5		5
Total General Government	478,650	488,031	359,776	128,255
Excise-Equalization Board	5,000	5,000	4,811	189
Total Excise-Equalization Board	5,000	5,000	4,811	189
County Election Board	104,771	107,218	107,079	139
Capital Outlay	5	10,002	10,002	
Total County Election Board	104,776	117,220	117,081	139
Insurance	1,210,450	1,462,463	1,079,058	383,405
Total Insurance	1,210,450	1,462,463	1,079,058	383,405
County Purchasing Agent	22,095	21,679	21,261	418
Capital Outlay	5	5		5
Total County Purchasing Agent	22,100	21,684	21,261	423
Data Processing	43,195	43,600	43,496	104
Capital Outlay	5	5		5
Total County Purchasing Agent	43,200	43,605	43,496	109
Charity	2,500	2,500	300	2,200
Total Charity	2,500	2,500	300	2,200
FEMA	54,342	167,382	113,040	54,342
Total FEMA	54,342	167,382	113,040	54,342

continued on next page

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

KAY 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, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Resale Personal Services		71,510	71,510	
Total Resale Personal Services	-	71,510	71,510	-
Unappropriated Court		266,455	266,455	
Total Unappropriated Court	-	266,455	266,455	-
County Audit Budget Account	28,359	28,359	1,521	26,838
Total County Audit Budget Account	28,359	28,359	1,521	26,838
Free Fair Budget	12,000	12,000	11,900	100
Total Free Fair Budget	12,000	12,000	11,900	100
Provision for Interest on Warrants	5,000	5,000	5,470	(470)
Total Expenditures, Budgetary Basis	4,179,506	4,899,584	4,288,458	611,126
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	779,993	\$ 779,993
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			35,218	
Add: Current Year Outstanding Warrants			123,643	
Ending Cash Balance			\$ 938,854	

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

KAY 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, 2007

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 456,730	\$ 456,730	\$ 456,730	\$ -
Less: Prior Year Outstanding Warrants	(8,548)	(8,548)	(8,548)	
Less: Prior Year Encumbrances	(95,898)	(95,898)	(78,738)	17,160
Beginning Cash Balances, Budgetary Basis	352,284	352,284	369,444	17,160
Receipts:				
Ad Valorem Taxes	456,621	456,621	445,276	(11,345)
Miscellaneous Revenues		86,172	113,941	27,769
Total Receipts, Budgetary Basis	456,621	542,793	559,217	16,424
Expenditures:				
Health and Welfare	595,000	757,744	597,680	160,064
Capital Outlay	213,905	137,333	136,903	430
Total Expenditures, Budgetary Basis	808,905	895,077	734,583	160,494
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	194,078	\$ 194,078
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			163,377	
Add: Current Year Outstanding Warrants			66,799	
Ending Cash Balance			\$ 424,254	

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

KAY COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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.

INTERNAL CONTROL AND COMPLIANCE SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

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
KAY COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kay County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Kay County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 20, 2008. 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 Kay 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 the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-2, 2007-3, and 2007-4 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kay 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-5.

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

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

October 20, 2008

**KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007-1—Segregation of Duties (Repeat Finding)

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

Condition: Based on inquiries of County personnel and test work performed, it was noted that receiving, receipting, recording, and depositing collections within all County offices were not properly segregated to assure adequate internal control structure.

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

Recommendation: OSAI recommends management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

Finding 2007-2—Time Records (Repeat Finding)

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, timesheets and leave balances should be signed by the employee and supervisor/elected official and submitted to the County Clerk each pay period.

Condition: Based on testwork performed, we noted the following exceptions:

1. Time records are not signed by employee or by a supervisor or department head for regular payroll at the Sheriff's office.
2. Time records are not signed by employee or by a supervisor or department head for service fee payroll at the Sheriff's office.
3. Time records are not signed by employee or by a supervisor or department head at the District 1 office.

**KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

4. Time records are not signed by employee or by a supervisor or department head at the District 2 office.
5. Time records are not signed by employee or by a supervisor or department head at the Health Department.

Effect: These conditions could result in officials paying employees for hours not worked; which could result in misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure that timesheets are signed by the employee and supervisor/elected official and submitted to the County Clerk for each pay period.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management will ensure that all time records are signed by the employee and supervisor or department head.

Finding 2007-3 – Using County Property for Private Use

Criteria: The overall goal of effective internal controls is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, all officials should comply with the County personnel policy handbook, which states, "No county official or employee may use County property for his or her personal use."

Condition: Based on discussions with the County Sheriff, it appears that sheriff deputies are driving county vehicles when working second jobs at Indian casinos and other outside entities within the County. The Sheriff does not have a contract with the casinos to provide these types of services.

Effect: This condition could result in a violation of the County's Personnel Policy Handbook and expose the County to liability issues.

Recommendation: OSAI recommends that management adhere to their Personnel Policy Handbook. We further recommend that management seek advice from the District Attorney concerning the legality of these issues and what appropriate action should be taken in these circumstances.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will seek the advice of the District Attorney concerning this matter.

**KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Finding 2007-4 – Commissary Contract (Repeat Finding)

Criteria: The overall goal of effective internal controls is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, all contracts should be approved by the Board of County Commissioners, contain all pertinent information, and be on file with the County.

Condition: It was noted that the County does not maintain a current commissary service contract which states the terms of the contract. The current contract does not state the dates the contract is in effect, or the margin of profit the County is to receive on commissary sales.

Effect: This condition could result in loss of commissary sales revenue and misappropriation of funds.

Recommendation: OSAI recommends that management take steps to ensure that all approved contracts are signed by the Board of County Commissioners, that the contract contains all pertinent information, and is on file with County.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Future commissary contracts will contain all pertinent information.

Finding 2007-5 – Sheriff's Annual Report (Repeat Finding)

Criteria: Title 19 O.S. §180.43 states in part, "...The Sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year..."

Condition: The County Sheriff has not filed an annual report of the commissary activity with the County Commissioners.

Effect: The Sheriff is not complying with state statutes, which results in incomplete budgetary information.

Recommendation: OSAI recommends that an annual report of commissary operations be submitted to the Board of County Commissioners no later than January 15 of each year.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will implement procedures to correct this issue.

**KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007-6 – Sheriff Inmate Trust Account (Repeat Finding)

Criteria: Statutory requirements have been established for the receipting and depositing of funds. Title 19 O.S. § 682 states, “It shall be the duty of each and every county officer...to deposit daily in the official depository all monies...received or collected by virtue or under color of office. In addition, 19 O.S. §531.A. states, “Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the “Inmate Trust Fund Checking Account”, to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

Condition: The following exceptions were noted in our audit of the activity in the Sheriff Inmate Trust Fund:

1. The audit of deposits and receipts of the Inmate Trust Fund revealed that the monies received were not deposited in a timely manner.
2. The Sheriff’s office did not issue duplicate receipts for monies received for the Inmate Trust Fund.
3. There were numerous instances where the receipt transactions were voided on the Inmate Trust Commissary system used by the Sheriff, and the original receipt was not obtained.

Effect: This condition could result in misappropriation of inmate trust money and undetected errors in deposits and other bookkeeping areas.

Recommendation: OSAI recommends the County Sheriff implement policies and procedures to comply with 19 O.S. § 682, and issue pre-numbered duplicate receipts and deposit daily all monies received under color of office. We further recommend that the original receipt be obtained for any voided receipt transactions.

Views of responsible officials and planned corrective actions: We concur with the auditor’s findings and will implement procedures to correct these issues.

**KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Finding 2007-7 – Inmate Trust Funds

Criteria: The overall goal of effective internal controls is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, money received from inmates during the booking process should be counted and reported on a property envelope signed by the inmate, a receipt to the inmate should be prepared. The envelope should be dropped in the lock box in the booking area, and then picked up by the bookkeeper, who should reconcile the receipts to the envelopes and deposit the funds into the inmate trust account. Upon release, the inmate should be written an inmate trust check for the balance of his account.

Condition: It was noted during the audit, an inmate was booked into the Kay County jail, and the inmate signed the booking envelope indicating that he had \$2,220.00 in his possession. A receipt was written to the inmate by the booking officer for the money received. Later in the day, the inmate was eligible for release on a cash bond. The inmate requested to use his own money for the cash bond. It appears the money had not been dropped in the lock box and was given to the inmate's designee to pay for the cash bond. The inmate filled out a property release form allowing the detention officer to release the money to the designee; however, the release form was not signed by the inmate nor signed by the designee indicating the full amount was given back. The inmate's cash bond was \$289.00, which was receipted in by the Sheriff's office.

Effect: This condition could result in misappropriation of inmate trust money and undetected errors in deposits and other bookkeeping areas.

Recommendation: OSAI recommends management take steps to ensure inmates booked into the Kay County jail complete a white property envelope indicating the amount of money in his possession. The envelope should then be dropped into the locked drop box and a receipt written to the inmate. The envelopes should only be taken out of the lock box by the Sheriff's bookkeeper and reconciled to the receipts written. In addition, we recommend the money be deposited daily and that upon release the inmate be written a check from the inmate trust fund for the balance of his or her account.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings and have implemented procedures to correct this issue.



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