



# KINGFISHER COUNTY

## Financial Report

For the fiscal year ended June 30, 2019

**Cindy Byrd, CPA**  
State Auditor & Inspector

**KINGFISHER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)

January 25, 2022

TO THE CITIZENS OF  
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma for the fiscal year ended June 30, 2019. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**KINGFISHER COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Board of County Commissioners**

District 1 – Jeff Moss  
District 2 – Ray Shimanek  
District 3 – Heath Dobrovolny

**County Assessor**

Carolyn Mulherin

**County Clerk**

Jeannie Boevers

**County Sheriff**

Dennis L. Banther

**County Treasurer**

Robin L. Rother

**Court Clerk**

Lisa Markus

**District Attorney**

Mike Fields

**KINGFISHER COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**KINGFISHER COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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## **FINANCIAL SECTION**



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)

## Independent Auditor's Report

TO THE OFFICERS OF  
KINGFISHER COUNTY, OKLAHOMA

### *Report on the Financial Statement*

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statement is prepared by Kingfisher County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kingfisher County as of June 30, 2019, or changes in financial position for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

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 balances for all county funds of Kingfisher County, for the year ended June 30, 2019, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the remaining supplementary information is fairly stated, in all material respects, in relation to the financial statement.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Kingfisher 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 solely 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

effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kingfisher County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 8, 2021

**REGULATORY BASIS FINANCIAL STATEMENT**

**KINGFISHER COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
<b>Combining Information:</b>						
County General	\$ 9,599,864	\$ 8,267,891	\$ -	\$ -	\$ 5,329,760	\$ 12,537,995
County Highway Unrestricted	14,865,760	18,440,867	- -	980,000	7,997,989	24,328,638
County Bridge and Road Improvement	904,805	529,036	- -	- -	5,480	1,428,361
Kingfisher LEPC Grant	3,242	- -	- -	- -	- -	3,242
Local Emergency Planning Committee	4,166	1,000	- -	- -	786	4,380
Resale Property	138,528	78,574	16,225	- -	61,612	171,715
Sheriff Service Fee	207,512	157,180	- -	- -	127,841	236,851
County Clerk Lien Fee	321,913	80,105	- -	- -	179,188	222,830
Treasurer Mortgage Certification	5,327	2,830	- -	- -	388	7,769
Sheriff Board of Prisoners	16,675	26,881	- -	- -	23,699	19,857
Assessor Visual Inspection	34,508	11,402	- -	- -	21,509	24,401
Health	649,165	942,844	- -	- -	610,832	981,177
Animal Welfare Fund	401	- -	- -	- -	- -	401
County Clerk Records Management and Preservation	205,536	55,387	- -	- -	52,681	208,242
Resale Cash in Treasurers Office	825	- -	- -	- -	- -	825
County Clerk Cash	250	- -	- -	- -	- -	250
911 Phone Fees	795,692	256,278	- -	- -	416,813	635,157
Flood Plain	64,102	32,925	- -	- -	722	96,305
1/2 Cent-ST	10,363,810	- -	- -	9,821,538	542,272	-
Free Fair-ST	37,484	- -	- -	- -	- -	37,484
Drug Court	21,721	40,935	- -	- -	39,369	23,287
Road and Bridges 5 Years-ST	8,175,608	6,502,464	- -	- -	6,350,718	8,327,354
Fire Department-ST	6,662,111	325,123	- -	- -	607,212	6,380,022
Jail-ST	139,431	2,926,109	- -	- -	2,873,458	192,082
Fair-ST	- -	650,246	1,049,229	- -	74,167	1,625,308
Kingfisher Rural Water District	- -	42,034	- -	- -	40,948	1,086
Sheriff-ST	- -	976,361	1,114,823	- -	430,724	1,660,460
Extension-ST	- -	585,802	1,255,925	- -	100,254	1,741,473
Courthouse Maintenance-ST	- -	1,064,425	2,076,250	- -	12,100	3,128,575
Library-ST	- -	195,081	161,497	- -	113,869	242,709
Commissioner-ST	- -	1,885,714	1,743,650	- -	- -	3,629,364
Museum-ST	- -	325,123	683,658	- -	249,235	759,546
Rural Fire-ST	- -	851,229	1,736,506	- -	422,659	2,165,076
Community Development Grant	- -	860,915	- -	- -	860,915	-
County Donations	- -	- -	980,000	- -	59,264	920,736
<b>Combined Total - All County Funds</b>	<b>\$ 53,218,436</b>	<b>\$ 46,114,761</b>	<b>\$ 10,817,763</b>	<b>\$ 10,801,538</b>	<b>\$ 27,606,464</b>	<b>\$ 71,742,958</b>

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Kingfisher County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. 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, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, libraries, 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 this presentation.

**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.

During the fiscal year ended June 30, 2019, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

County General – accounts for revenues from ad valorem, officer's fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

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

County Bridge and Road Improvement – accounts for revenues from the State of Oklahoma and is disbursed for the purpose of maintaining bridges and roads.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Kingfisher LEPC Grant – accounts for revenues from the State of Oklahoma and disbursements are for the purchase of equipment for Emergency Management.

Local Emergency Planning Committee – accounts for a twenty-dollar fee collected from oil companies for a tier report that shows chemicals on site and is disbursed for training, supplies and operations for Emergency Management.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and disbursed as restricted by state statute.

Sheriff Service Fee – accounts for the collection of fees for the services provided by the Sheriff's office and disbursed for the operations of the Sheriff's office.

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

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

Sheriff Board of Prisoners – accounts for collections from the Department of Corrections for the housing of inmates and disbursements in accordance with state statutes.

Assessor Visual Inspection – accounts for the collections and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

Health – accounts for revenues from ad valorem taxes, miscellaneous fees charged by the County Health Department, and state and federal funds. Disbursements are for the operation of the County Health Department.

Animal Welfare Fund – accounts for donations received on behalf of neglected horses in Kingfisher County and the Sheriff's drug dog and disbursed for the feed and care of the horses and drug dog.

County Clerk Records Management and Preservation – accounts for the fees collected for instruments filed in the County Clerk's office and disbursements as restricted by state statute for the preservation of records.

Resale Cash in Treasurers Office – accounts for money used in the Treasurer's office for the purpose of making change.

County Clerk Cash – accounts for money used in the County Clerk's office for the purpose of making change.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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911 Phone Fees – accounts for fees collected on land lines and cell phone services used in Kingfisher County and disbursed for the operations of the 911 emergency service center.

Flood Plain – accounts for monies collected for flood plain permits and disbursed for flood plain training and certifications.

1/2 Cent-ST – accounted for the  $\frac{1}{2}\%$  sales tax collected in previous years. All money was transferred out during this fiscal year and the fund was closed.

Free Fair-ST – accounts for the  $\frac{1}{4}\%$  sales tax collected and disbursed on behalf of the Kingfisher County Free Fair Board.

Drug Court – accounts for revenues generated from fines and costs assessed to individuals participating in the Drug Court program and contractual payments from the Oklahoma Department of Mental Health to be used to offset costs associated with running the program.

Road and Bridges 5 Years-ST – accounts for a  $\frac{1}{2}\%$  sales tax collected and disbursed solely for the construction, improvement, maintenance and repair of county roads and bridges.

Fire Department-ST – accounts for the portion of the  $\frac{1}{4}\%$  sales tax collected and expended on behalf of rural and municipal fire departments for fire protection.

Jail-ST – accounts for the portion of the  $\frac{1}{4}\%$  sales tax collected and disbursed to the Criminal Justice Authority for the new detention facility, destruction and razing of the old jail, and construction of an inmate holding facility near the existing courthouse.

Fair-ST – accounts for the portion of the  $\frac{1}{2}\%$  sales tax collection and disbursed in accordance with the sales tax ballot.

Kingfisher Rural Water District – accounts for monies collected from the Rural Economic Action Plan and disbursed for the purpose of improving rural water quality.

Sheriff-ST – accounts for the portion of the  $\frac{1}{2}\%$  sales tax collection and disbursed in accordance with the sales tax ballot.

Extension-ST – accounts for the portion of the  $\frac{1}{2}\%$  sales tax collection and disbursed in accordance with the sales tax ballot.

Courthouse Maintenance-ST – accounts for the portion of the  $\frac{1}{2}\%$  sales tax collection and disbursed in accordance with the sales tax ballot.

Library-ST – accounts for the portion of the  $\frac{1}{2}\%$  sales tax collection and disbursed in accordance with the sales tax ballot.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Commissioner-ST – accounts for the portion of the ½% sales tax collection and disbursed in accordance with the sales tax ballot.

Museum-ST – accounts for the portion of the ½% sales tax collection and disbursed in accordance with the sales tax ballot.

Rural Fire-ST – accounts for the portion of the ½% sales tax collection and disbursed in accordance with the sales tax ballot.

Community Development Grant – accounts for monies from a Community Development Block Grant (CDBG) and disbursed for the Solaris road project.

County Donations – accounts for donations received through the Board of County Commissioners and disbursed for the purpose designated at the time of the donation.

**C. Basis of Accounting**

The 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 regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

**D. Budget**

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**E. Cash and Investments**

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. 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).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**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."

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. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**3. Other Information**

**A. 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.

**B. 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.

**C. 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.

**D. Sales Tax**

**Sales Tax of October 8, 2013**

The voters of Kingfisher County approved a one-half of one percent (1/2%) sales tax on October 8, 2013 for a period of five (5) years from January 1, 2014 to be designated solely for the construction, improvement, maintenance and repair of county roads and bridges. The voters

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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approved an extension of this sales tax on June 26, 2018. The sales tax ballot was approved for another five (5) years starting January 1, 2019. These funds are accounted for in the Road and Bridges 5 Years-ST fund.

**Sales Tax of February 9, 2016**

On February 9, 2016, the voters of Kingfisher County approved to continue a one-half of one percent (1/2%) sales tax, pledging the monthly income of the revenue of said tax for a period of five (5) years from July 1, 2016 for the following purposes:

**COMMUNITY SERVICES**

Resurfacing Roads	29%
Rural Fire Departments	13%
Free Fair	10%
Extension & 4-H	9%
Chisholm Trail Museum	5%
Hennessey & Kingfisher Libraries	3%

**GENERAL COUNTY GOVERNMENT**

General Government	16%
County Sheriff.	15%

These funds are accounted for in the Fair-ST fund, Sheriff-ST fund, Extension-ST fund, Courthouse Maintenance-ST fund, Library-ST fund, Commissioner-ST fund, Museum-ST fund, and Rural Fire-ST fund.

**Sales Tax of November 14, 2017**

On November 14, 2017, the voters of Kingfisher County approved to extend the existing one-fourth of one percent (1/4%) sales tax of November 13, 2007 for a period of ten (10) years from January 1, 2018. Two and half of one percent (2.5%) is to be divided equally among the Kingfisher Rural Fire Department, Big Four Rural Fire Department, Cashion Rural Fire Department, Okarche Rural Fire Department, Hennessey Rural Fire, over Rural Fire Department, Loyal Rural Fire Department and Omega Rural Fire Department for equipment, fixtures, improvements, and maintenance and operation expenses. Twenty two and a half of one percent (22.5%) is designated for the design, construction, financing, furnishings, capital facilities and improvements, equipment, fixtures, site acquisition, site preparation, street improvements, and maintenance and operation expenses for a new detention facility to be located in Kingfisher County and the destruction and razing of the old jail and construction of an inmate holding facility to be located at or near the existing courthouse; authorizing the pledging of the sales tax for debt service and cost of issuance; fixing an effective date; making provisions severable; and declaring an emergency. These funds are accounted for in the Fire Department-ST fund and the Jail-ST fund.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**E. Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds:

- \$16,225 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund per Title 68 O.S. § 3131.
- \$980,000 was transferred from the County Highway Unrestricted fund to the County Donations fund to move money donated to the County per road agreement from the wind farms.
- A total of \$9,821,538 residual balance was transferred from the 1/2 Cent-ST fund to the following funds:
  - \$1,049,229 was transferred to the Fair-ST fund.
  - \$1,114,823 was transferred to the Sheriff-ST fund.
  - \$1,255,925 was transferred to the Extension-ST fund.
  - \$2,076,250 was transferred to the Courthouse Maintenance-ST fund.
  - \$161,497 was transferred to Library-ST fund.
  - \$1,743,650 was transferred to the Commissioner-ST fund.
  - \$683,658 was transferred to the Museum-ST fund.
  - \$1,736,506 was transferred to the Rural Fire-ST fund.

**SUPPLEMENTARY INFORMATION**

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 25,725	\$ 24,591	\$ 1,134
County Sheriff	944,424	935,451	8,973
County Treasurer	232,618	226,582	6,036
County Commissioners	144,000	128,053	15,947
County Clerk	176,415	176,152	263
Court Clerk	284,618	276,208	8,410
County Assessor	195,898	177,899	17,999
Revaluation of Real Property	351,745	262,869	88,876
General Government	11,301,035	3,153,010	8,148,025
Excise - Equalization Board	4,750	2,755	1,995
County Election Board	120,946	108,856	12,090
Purchasing Agent	62,000	57,930	4,070
Charity	5,000	-	5,000
Civil Defense	77,563	61,262	16,301
County Audit Budget Account	71,056	49,107	21,949
Total Expenditures, Budgetary Basis	<u>\$ 13,997,793</u>	<u>\$ 5,640,725</u>	<u>\$ 8,357,068</u>

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	<b>Health Fund</b>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Health and Welfare	\$ 1,523,701	\$ 597,531	\$ 926,170
Total Expenditures, Budgetary Basis	<u>\$ 1,523,701</u>	<u>\$ 597,531</u>	<u>\$ 926,170</u>

**KINGFISHER COUNTY, OKLAHOMA**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health 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 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.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**KINGFISHER COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed Through Oklahoma State Department of Commerce:			
Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii	14.228		\$ 860,915
Total U.S. Department of Housing and Urban Development			<u>860,915</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042		10,000
Total U.S. Department of Federal Emergency Management			<u>10,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 870,915</u>

**KINGFISHER COUNTY, OKLAHOMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Kingfisher County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Kingfisher County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

**INTERNAL CONTROL AND COMPLIANCE SECTION**



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)

**Independent Auditor's 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  
KINGFISHER COUNTY, OKLAHOMA

We have audited, in accordance with the 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, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Kingfisher County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 8, 2021.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2019, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Kingfisher County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Kingfisher County's internal control. Accordingly, we do not express an opinion on the effectiveness of Kingfisher County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2019-001, 2019-004, 2019-005.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2019-006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kingfisher County's financial statement is free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-004.

### **Kingfisher County's Response to Findings**

Kingfisher County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Kingfisher County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 8, 2021



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)

**Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance Required by  
the Uniform Guidance**

TO THE OFFICERS OF  
KINGFISHER COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Kingfisher County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Kingfisher County's major federal program for the year ended June 30, 2019. Kingfisher County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kingfisher County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Kingfisher County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Kingfisher County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.



## **Report on Internal Control Over Compliance**

Management of Kingfisher County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kingfisher County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kingfisher County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003, that we consider to be material weaknesses.

### **Kingfisher County's Response to Findings**

Kingfisher County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Kingfisher County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable 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.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 8, 2021

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**SECTION 1—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: ..... Adverse as to GAAP; unmodified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified? ..... Yes
- Significant deficiency(ies) identified? ..... Yes

Noncompliance material to financial statements noted? ..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ..... Yes
- Significant deficiency(ies) identified? ..... None reported

Type of auditor's report issued on  
compliance for major programs: ..... Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? ..... Yes

Identification of Major Program

CFDA Number(s)

14.228

Name of Federal Program or Cluster

Community Development Block  
Grants/State's program and Non-  
Entitlement Grants in Hawaii

Dollar threshold used to distinguish between  
Type A and Type B programs: ..... \$750,000

Auditee qualified as low-risk auditee? ..... No

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**SECTION 2—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 2019-001 – Lack of County–Wide Internal Controls (Repeat Finding - 2012-001, 2013-001, 2014-001, 2017-001, 2018-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Control Environment, Risk Assessment, and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the risks of the County.

**Effect of Condition:** Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**Chairman of the Board of County Commissioners, County Clerk, and County Treasurer:** We will continue our meetings and create policies and procedures to document the Risk Assessments and county-wide controls that are created. We will use the checklist (which we have already printed out) that was provided by OSAI as a tool to complete our objectives.

**Criteria:** The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**Finding 2019-004 – Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding - 2006-001, 2007-001, 2008-005, 2009-001, 2012-004, 2013-004, 2014-003, 2017-004, 2018-004)**

**Condition:** Upon inquiry of county personnel and observation of the County's disbursement process we noted a lack of internal controls in the payroll process:

- The payroll process is not adequately segregated. The payroll clerk is responsible for adding new employees and processing payroll for the County.
- Payroll warrants are issued prior to receiving BOCC approval.

Additionally, while performing the expenditure testwork, the following was noted:

- A sample of thirty-two (32) disbursements were selected from county funds and determined:
  - Seven (7) expenditures totaling \$1,039,146 were not encumbered prior to receiving goods or services.
  - Six (6) expenditures totaling \$949,796 were not supported by adequate documentation.
  - Five (5) expenditures totaling \$120,784 were encumbered without a signature from a requisitioning officer.
  - One (1) payroll expenditure totaling \$4,492 was not approved by the department head prior to issuing a warrant.
  - Three (3) sales tax expenditures totaling \$1,155,754 to the Criminal Justice Authority were not properly expended through the purchase order process.

Upon further review of the sales tax expenditures to the Criminal Justice Authority, it was noted that all twelve (12) expenditures totaling \$2,873,458 were not properly expended through the purchase order process as this process was completed on a Treasurer's check instead of a purchase order.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Cause of Condition:** Policies and procedures have not been designed and implemented to strengthen internal controls over disbursements and to ensure compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, be supported by adequate documentation, and that purchase orders and warrants should be issued in accordance with 19 O.S. § 1505. OSAI further recommends that the payroll procedures be adequately segregated to strengthen the internal controls over county expenditures and that all payroll warrants be approved by the BOCC before being issued. Additionally, sales tax should be expended through the purchase order system.

**Management Response:**

**Chairman of the Board of County Commissioners, and County Clerk:** The County Clerk's office will work better to segregate the duties within the payroll process. We are working to implement procedures to ensure payroll is approved by the Board of County Commissioners prior to warrants being issued. We have corrected the Criminal Justice Authority Sales Tax expenditures; it is now being sent through the purchase order process. We have corrected that in fiscal year 2020.

**Commissioner District 1:** I will make sure to sign all requisition forms prior to encumbrance. I will work with the other elected officials regarding the payroll process.

**Commissioner District 2:** I will make sure to encumber all funds prior to ordering goods or services.

**County Sheriff:** I will make sure to have someone review and sign utility bills before they are submitted for payment.

**Criteria:** GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Additionally, GAO Standards – Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Further, effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

**Finding 2019-005 – Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding - 2017-005, 2018-005)**

**Condition:** Based on our documentation of controls, reconciliations are not being performed between the County Clerk's appropriation ledger and the County Treasurer's general ledger for all funds and on a monthly basis.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the reconciliation of the County Clerk's appropriation ledger to the County Treasurer's general ledger for all funds on a monthly basis.

**Effect of Condition:** This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends management take steps to ensure reconciliations are performed between all funds presented on the County Clerk's appropriation ledger and the County Treasurer's general ledger on a monthly basis. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

**Management Response:**

**County Clerk and County Treasurer:** We have begun reconciling the appropriation ledger with the County Treasurer's general ledger and it has been balancing. The County Treasurer's office has a program that will reconcile the County Clerk's appropriation ledger to the County Treasurer's general ledger.

**Criteria:** The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states in part:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Finding 2019-006 – Lack of Internal Controls and Noncompliance Over County Credit Cards**

**Condition:** Upon review of disbursement data and county records, OSAI noted the County has multiple credit cards other than the statutorily allowed credit cards. The following was noted:

- One (1) credit card with Vendor A.
- Five (5) credit cards with Vendor B.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statutes over the County's credit cards and the use of credit cards.

**Effect of Condition:** These conditions resulted in noncompliance with the state statute and could result in unrecorded transactions, misstated financial reports, undetected errors and misappropriation of funds.

**Recommendation:** OSAI recommends the County design and implement a system of internal controls over county credit cards. OSAI further recommends that the County eliminate all credit cards other than statutorily allowed by 19 O.S § 1506.

**Management Response:**

**County Clerk:** We have gathered up the credit cards from the Election Board and Free Fair. The Museum does not have a credit card anymore and has not had one for a couple of years.

**Criteria:** GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Additionally, GAO Standards – Principle 6 – Defined Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Further, effective internal controls require that management properly implement procedures to ensure compliance with 19 O.S. § 1506.

**SECTION 3 — Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Finding 2019-002 – Lack of County-Wide Internal Controls Over Major Federal Program – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Commerce

**FEDERAL AGENCY:** U.S. Department of Housing and Urban Development

**CFDA NO:** 14.228

**FEDERAL PROGRAM NAME:** Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

**FEDERAL AWARD NUMBER:** 17138 CDBG-ED 17

**FEDERAL AWARD YEAR:** 2019

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Equipment Real Property Management; Period of Performance; Program Income; Reporting; Special Tests and Provisions

**QUESTIONED COSTS:** \$-0-

**Condition:** County-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County complies with grant requirements.

**Effect of Condition:** This condition could result in noncompliance to grant requirements.

**Recommendation:** OSAI recommends that the County design and implement a system of internal controls to ensure compliance with grant requirements.

**Management Response:**

**Chairman of the Board of County Commissioners, County Clerk, and County Treasurer:** The County Officers will meet in a County Officers' meeting to discuss federal grants that are awarded to the County.

**Criteria:** The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**Finding 2019-003 – Lack of Internal Controls Over Compliance Requirements Over Major Federal Programs - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Commerce

**FEDERAL AGENCY:** U.S. Department of Housing and Urban Development

**CFDA NO:** 14.228

**FEDERAL PROGRAM NAME:** Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

**FEDERAL AWARD NUMBER:** 17138 CDBG-ED 17

**FEDERAL AWARD YEAR:** 2019

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Equipment Real Property Management; Period of Performance; Program Income; Reporting; Special Tests and Provisions

**QUESTIONED COSTS:** \$-0-

**Condition:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that Kingfisher County has not established procedures to ensure compliance with the following requirements: Activities Allowed and Unallowed; Allowable Costs/Costs Principles; Equipment Real Property Management; Period of Performance; Program Income; Reporting; and Special Tests and Provisions.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with Uniform Grant Guidance.

**Effect of Condition:** This condition could result in noncompliance to grant requirements and loss of federal funds to the County.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Recommendation:** OSAI recommends the County gain an understanding of requirements for this program and design and implement internal control procedures to ensure compliance with grant requirements.

**Management Response:**

**Chairman of the Board of County Commissioners, County Clerk, and County Treasurer:** When the County Officers meet to discuss federal grants, we will also discuss the compliance supplement and any contract or agreements for each Federal Grant.

**Criteria:** *2 CFR § 200.303(a) Internal Controls* reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Further, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

**APPENDIX A**  
**CORRECTIVE ACTION PLAN**  
**(Prepared by County Management)**



Phone: (405) 375-3887  
Fax: (405) 375-6033

Jeannie Boevers  
County Clerk

# KINGFISHER COUNTY

E-mail: [kgfcoclerk@pldi.net](mailto:kgfcoclerk@pldi.net)

101 South Main, Room 3  
Kingfisher, OK 73750-3241

**Corrective Action Plan In Accordance with  
2 CFR § 200.511c for the Fiscal Year ended  
30-Jun-19**

Finding No.	Title (Financial) or CFDA Ni, & Program Name (Federal)	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2019-001	Financial	We will continue our meeting and create policies and procedures to document the risk assessments and county-wide controls that are created. We will use the checklist (which I have already printed out) that was provided by OSAI as a tool to complete our objectives.	6/30/2021	Chairman, County Clerk, Treasurer, Assessor, Court Clerk and Sheriff
2019-002	14.228 Community Development Block Grants/State's Program and Non-entitled Grants in Hawaii	The County Officers will meet in a County Officers meeting to discuss Federal Grants that are awarded	6/30/2021	Chairman, County Clerk, Treasurer
2019-003	14.228 Community Development Block Grants/State's Program and Non-entitled Grants in Hawaii	When the County Officers meet to discuss Federal Grants, we will also discuss the compliance supplement and any contract or agreements that are federal monies	6/30/2021	Chairman, County Clerk, Treasurer
2019-004	Financial	I will work better to segregate the duties in my office. I will also segregate the duties within the payroll process. We are working to get the payroll processed that ensured the payroll is approved by the Board of County Commissioner's prior to warrants being issued. We have corrected the Criminal Justice Authority Sales Tax collections; it is now being sent through the purchase order process. We had corrected that in fiscal year 2019 or 2020	Immediately	County Clerk

2019-005	Financial	We have been reconciling the Appropriations Ledger with the Treasurer's Office and it has been balancing. The Treasurer has a program that will reconcile the County Clerk's Appropriation Ledger to the County Treasurer's General Ledger	7/1/2021	County Clerk & Treasurer
2019-006	Financial - Credit Cards	We have talked to each of the offices that had a credit card (Election Board and Free Fair). They museum does not have a credit card anymore and has not had one for a couple of years. We will not be using the Credit Card anymore unless we have no choice on getting what we need. Will check with Wal Mart and see if they will do purchase order only and not use a credit card.	9-Nov-21	Chairman, County Clerk

**APPENDIX B**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
(Prepared by County Management)

**Kingfisher County has no prior federal audits.**



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)