



KINGFISHER COUNTY

Financial Report

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**KINGFISHER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | 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, 2020. 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, 2020**

Board of County Commissioners

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

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, 2020**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information).....	4
Notes to the Financial Statement	5

SUPPLEMENTARY INFORMATION

Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund.....	13
Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund.....	14
Note to Supplementary Information	15

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16
Schedule of Findings and Responses	18

FINANCIAL SECTION

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, 2020, 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, 2020, 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, 2020, 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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The 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 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, 2020

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
Combining Information:						
County General	\$ 12,537,995	\$ 8,132,072	\$ -	\$ -	\$ 3,392,360	\$ 17,277,707
County Highway Unrestricted	24,328,638	16,937,770	-	-	15,065,455	26,200,953
County Bridge and Road Improvement	1,428,361	537,592	-	-	1,750	1,964,203
Kingfisher LEPC Grant	3,242	-	-	-	102	3,140
Local Emergency Planning Committee	4,380	500	-	-	622	4,258
Resale Property	171,715	75,253	41,015	-	48,415	239,568
Sheriff Service Fee	236,851	190,092	-	10,900	180,977	235,066
County Clerk Lien Fee	222,830	73,503	-	-	58,035	238,298
Treasurer Mortgage Certification	7,769	3,255	-	-	-	11,024
Sheriff Board of Prisoners	19,857	-	-	-	7,689	12,168
Assessor Visual Inspection	24,401	5,320	-	-	9,559	20,162
Health	981,177	1,091,806	-	-	576,964	1,496,019
Animal Welfare Fund	401	-	-	401	-	-
County Clerk Records Management and Preservation	208,242	61,072	-	-	22,937	246,377
Resale Cash in Treasurers Office	825	-	-	-	-	825
County Clerk Cash	250	-	-	-	-	250
911 Phone Fees	635,157	225,841	-	-	379,384	481,614
Flood Plain	96,305	5,000	-	-	31,115	70,190
Free Fair-ST	37,484	-	-	-	-	37,484
Drug Court	23,287	49,501	-	-	37,140	35,648
Road and Bridges 5 Years-ST	8,327,354	3,247,347	865,000	-	1,746,970	10,692,731
Fire Department-ST	6,380,022	159,942	-	-	440,674	6,099,290
Jail-ST	192,082	1,426,619	-	-	1,506,546	112,155
Fair-ST	1,625,308	317,027	-	-	97,679	1,844,656
Kingfisher Rural Water District	1,086	9,590	-	-	10,675	1
Sheriff-ST	1,660,460	480,030	-	-	833,732	1,306,758
Extension-ST	1,741,473	285,324	-	-	111,210	1,915,587
Courthouse Maintenance-ST	3,128,575	507,242	-	-	-	3,635,817
Library-ST	242,709	95,108	-	-	105,060	232,757
Commissioner-ST	3,629,364	919,377	-	-	519,782	4,028,959
Museum-ST	759,546	158,723	-	-	210,327	707,942
Rural Fire-ST	2,165,076	430,438	-	-	237,487	2,358,027
County Donations	920,736	900	401	-	82	921,955
Sheriff Training	-	-	900	-	-	900
Sheriff Commissary	-	6,512	10,000	-	1,196	15,316
Combined Total - All County Funds	\$ 71,742,958	\$ 35,432,756	\$ 917,316	\$ 11,301	\$ 25,633,924	\$ 82,447,805

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, 2020**

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.

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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Free Fair-ST – accounts for the ¼% 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 ½% 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 ¼% sales tax collected and expended on behalf of rural and municipal fire departments for fire protection.

Jail-ST – accounts for the portion of the ¼% 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 ½% 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 ½% sales tax collection and disbursed in accordance with the sales tax ballot.

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

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

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

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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

Sheriff Training – accounts for the collection of forfeitures of seized property and disbursements are for the purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

Sheriff Commissary – accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods from the vendor and for the maintenance and operations of the jail.

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, 2020**

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, 2020**

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 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:

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 June 26, 2018

The voters of Kingfisher County approved a one-half of one percent (1/2%) sales tax on June 26, 2018 for a period of five (5) years from January 1, 2019 to be designated solely for the construction, improvement, maintenance and repair of county roads and bridges. These funds are accounted for in the Road and Bridges 5 Years-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, 2020**

E. Interfund Transfers

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

- \$865,000 was transferred from the Emergency and Transportation Revolving (ETR) fund (a trust and agency fund) to the Road and Bridges 5 Years-ST fund as a loan for bridge and road projects in the County.
- \$41,015 was transferred from the Excess Resale fund (a trust and agency) to the Resale Property fund per Title 68 O.S. § 3131.
- \$10,000 was transferred from the Sheriff Service Fee fund to the Sheriff Commissary fund to create the Sheriff Commissary fund.
- \$900 was transferred from the Sheriff Service Fee fund to the Sheriff Training fund to create the Sheriff Training fund.
- \$401 was transferred from the Animal Welfare Fund to the County Donations fund by BOCC resolution to close the fund.

SUPPLEMENTARY INFORMATION

KINGFISHER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 22,634	\$ 15,718	\$ 6,916
County Sheriff	966,061	899,177	66,884
County Treasurer	256,821	244,746	12,075
County Commissioners	143,000	99,876	43,124
County Clerk	263,546	255,253	8,293
Court Clerk	300,191	292,732	7,459
County Assessor	211,800	205,037	6,763
Revaluation of Real Property	574,359	314,317	260,042
General Government	14,141,454	679,074	13,462,380
Excise - Equalization Board	4,750	2,706	2,044
County Election Board	126,644	118,111	8,533
Purchasing Agent	89,500	70,992	18,508
Charity	5,000	1,200	3,800
Civil Defense	86,303	73,663	12,640
County Audit Budget Account	69,250	28,204	41,046
Total Expenditures, Budgetary Basis	<u>\$ 17,261,313</u>	<u>\$ 3,300,806</u>	<u>\$ 13,960,507</u>

KINGFISHER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,992,201	\$ 766,602	\$ 1,225,599
Total Expenditures, Budgetary Basis	<u>\$ 1,992,201</u>	<u>\$ 766,602</u>	<u>\$ 1,225,599</u>

**KINGFISHER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

INTERNAL CONTROL AND COMPLIANCE SECTION

**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, 2020, 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, 2020, 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: 2020-001, 2020-002, and 2020-003.

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: 2020-004.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

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 responses. 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

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-001 – Lack of County-Wide Internal Controls (Repeat Finding 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001)

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 RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-002 – 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, 2019-004)

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 twenty-five (25) disbursements were selected from county funds and determined:
 - Seven (7) expenditures totaling \$922,264 were encumbered without a signature from a requisitioning officer.
 - Five (5) expenditures totaling \$618,782 were not encumbered prior to receiving goods or services.
 - Two (2) payroll expenditures totaling \$10,032 were not approved by the department head prior to issuing warrants.
 - One (1) expenditure totaling \$21 was not supported by adequate documentation.

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.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

Management Response:

Chairman of the Board of County Commissioners and County Clerk: We will work to segregate the duties in the County Clerk's office. We will also segregate the duties within the payroll process. We are working to implement procedures to ensure payroll is approved by the BOCC prior to warrants being issued. We are also making sure that every purchase order has a signed requisition. Most of the problems we have are with the Fire Departments. We have informed them that if they don't get the proper paperwork to us in a timely manner, they will need to find a different way to pay for their items.

Commissioner District 1: I will make sure to sign all requisition forms prior to encumbrance and make sure all goods and services are encumbered prior to receiving goods or services.

Commissioner District 2: I will make sure to encumber all funds with a signed requisition prior to ordering goods or services. I will also make sure to sign all payroll for my district as department head.

County Sheriff: I will work with the other elected officials on the payroll process to make sure we approve payroll prior to payment.

County Assessor: I will work with the County Clerk to make sure signed requests are done properly. I will make sure any travel claim is reviewed and initialed by another person.

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-

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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

Finding 2020-003 – Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding - 2017-005, 2018-005, 2019-005)

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 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 RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Finding 2020-004 – Lack of Internal Controls and Noncompliance Over County Credit Cards
(Repeat Finding - 2019-006)**

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

- One (1) credit card with Vendor A.
- Two (2) credit cards with Vendor B.
- Four (4) credit cards with Vendor C.

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 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 RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov