



KINGFISHER COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**KINGFISHER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

March 21, 2023

TO THE CITIZENS OF
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma for the fiscal year ended June 30, 2021. 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.

This report is 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.

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, 2021**

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, 2021**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
KINGFISHER COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the 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, 2021, 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, 2021, 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 total receipts, disbursements, and changes in cash balances for all county funds of Kingfisher County, as of and for the year ended June 30, 2021, 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 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 February 6, 2023, 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

February 6, 2023

REGULATORY BASIS FINANCIAL STATEMENT

KINGFISHER COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 17,277,707	\$ 6,774,142	\$ 80,410	\$ 80,410	\$ 7,994,105	\$ 16,057,744
County Highway Unrestricted	26,200,953	12,070,996	-	-	10,587,511	27,684,438
County Bridge and Road Improvement	1,964,203	352,865	-	-	1,500	2,315,568
Kingfisher LEPC Grant	3,140	-	-	-	-	3,140
Local Emergency Planning Committee	4,258	-	-	-	-	4,258
Resale Property	239,568	190,997	-	-	47,649	382,916
Sheriff Service Fee	235,066	227,834	-	-	172,438	290,462
County Clerk Lien Fee	238,298	26,575	-	-	39,446	225,427
Treasurer Mortgage Certification	11,024	3,875	-	-	-	14,899
Sheriff Board of Prisoners	12,168	-	-	-	-	12,168
Assessor Visual Inspection	20,162	2,547	-	-	5,262	17,447
Health	1,496,019	1,066,212	-	-	571,024	1,991,207
County Clerk Records Management and Preservation	246,377	60,997	-	-	11,514	295,860
Resale Cash in Treasurers Office	825	-	-	-	-	825
County Clerk Cash	250	-	-	-	-	250
911 Phone Fees	481,614	214,236	-	-	356,160	339,690
Flood Plain	70,190	-	-	-	325	69,865
Fair Improvement-ST	37,484	-	-	-	-	37,484
Drug Court	35,648	53,013	-	-	36,122	52,539
Road and Bridges-ST	10,692,731	1,871,428	-	-	4,102,326	8,461,833
Fire Department-ST	6,099,290	137,928	-	-	654,636	5,582,582
Jail-ST	112,155	791,352	-	-	775,982	127,525
Fair-ST	1,844,656	148,072	-	-	62,807	1,929,921
Kingfisher Rural Water District	1	80,410	80,410	80,410	80,410	1
Sheriff-ST	1,306,758	267,195	-	-	434,198	1,139,755
Extension-ST	1,915,587	151,324	-	-	169,924	1,896,987
Courthouse Maintenance-ST	3,635,817	274,424	-	-	-	3,910,241
Library-ST	232,757	46,048	-	-	54,719	224,086
Commissioner-ST	4,028,959	503,037	-	-	1,511,052	3,020,944
Museum-ST	707,942	80,982	-	-	163,963	624,961
Rural Fire-ST	2,358,027	228,617	-	-	207,948	2,378,696
County Donations	921,955	11,360	-	-	8,216	925,099
Sheriff Training	900	1,000	-	-	459	1,441
Sheriff Commissary	15,316	10,795	-	-	-	26,111
E-911 Sales Tax	-	62,514	-	-	-	62,514
Reward Fund	-	98	-	-	-	98
American Rescue Plan	-	1,531,090	-	-	-	1,531,090
Total - All County Funds	\$ 82,447,805	\$ 27,241,963	\$ 160,820	\$ 160,820	\$ 28,049,696	\$ 81,640,072

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, 2021**

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 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 disbursements are 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.

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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 are made in accordance with state statute.

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.

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 landlines 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.

Fair Improvement-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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Department of Mental Health & Substance Abuse to be used to offset costs associated with running the program.

Road and Bridges-ST – accounts for a ½% sales tax collected and disbursed solely for the construction, improvement, and 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.

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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, and 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.

E-911 Sales Tax – accounts for the portion of the ½% sales tax collection and disbursed in accordance with the sales tax ballot.

Reward Fund – accounts for the collection of littering fines that is set aside for approved rewards by the County Commissioners.

American Rescue Plan – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

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 allows 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, which specifies the format and presentation of such regulatory basis financial statements: 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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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."

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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; however, the County expects such amounts, if any, to be immaterial.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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:

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-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 Department, Dover 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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Sales Tax of November 3, 2020

On November 3, 2020, 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 February 1, 2021 for the following purposes:

COMMUNITY SERVICES	
Resurfacing Roads	28%
Rural Fire Departments	13%
Extension & 4-H	8%
Free Fair	6%
Chisholm Trail Museum	4%
Hennessey & Kingfisher Libraries	2%

GENERAL COUNTY GOVERNMENT	
County Sheriff	15%
County 911	9%
General Government	15%

These funds are accounted for in the Fair-ST fund, Extension-ST fund, Courthouse Maintenance-ST fund, Library-ST fund, E911 Sales Tax fund, Sheriff-ST fund, Commissioner-ST fund, Museum-ST fund, and Rural Fire-ST fund.

E. Interfund Transfers

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

- \$80,410 was transferred from the County General fund to Kingfisher Rural Water District fund as a temporary loan.
- \$80,410 was transferred from the Kingfisher Rural Water District fund to the County General fund to repay a loan.

SUPPLEMENTARY INFORMATION

KINGFISHER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 20,503	\$ 18,048	\$ 2,455
County Sheriff	1,577,719	1,509,419	68,300
County Treasurer	264,664	256,160	8,504
County Commissioners	143,000	101,925	41,075
County Clerk	281,390	274,963	6,427
Court Clerk	294,002	289,039	4,963
County Assessor	203,433	192,500	10,933
Revaluation of Real Property	586,822	404,256	182,566
General Government	18,860,234	5,723,020	13,137,214
Excise - Equalization Board	5,250	2,968	2,282
County Election Board	134,354	122,171	12,183
Purchasing Agent	75,907	65,365	10,542
Emergency Management	79,108	59,840	19,268
Charity	5,000	(538)	5,538
County Audit Budget	90,937	54,517	36,420
Total Expenditures, Budgetary Basis	\$ 22,622,323	\$ 9,073,653	\$ 13,548,670

**KINGFISHER COUNTY, OKLAHOMA
 COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
 BUDGETARY BASIS—HEALTH FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 2,339,348	\$ 681,301	\$ 1,658,047
Total Expenditures, Budgetary Basis	\$ 2,339,348	\$ 681,301	\$ 1,658,047

**KINGFISHER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents 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 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, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Transportation:			
Highway Planning and Construction	20.205	ERSTP-237C(055)ER	\$ 6,416
Highway Planning and Construction	20.205	ERSTP-237C(058)ER	58,933
Highway Planning and Construction	20.205	ERSTP-237C(065)ER	305,807
Highway Planning and Construction	20.205	ERSTP-237C(067)ER	55,448
Total U.S. Department of Transportation			<u>426,604</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0206	85,467
Total U.S. Department of Treasury			<u>85,467</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4438	624,347
Emergency Management Performance Grants	97.042	EMPG-2019, EMPG-2020	28,888
Total U.S. Department of Homeland Security			<u>653,235</u>
Total Expenditures of Federal Awards			<u>\$ 1,165,306</u>

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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).

Eligible Expenditures Incurred in the Prior Fiscal Year

On June 1, 2019, the President of the United States approved a Major Disaster Declaration for Kingfisher County in response to Oklahoma Severe Storms, Straight- Line Winds, Tornadoes, and Flooding DR-4438 occurring May 7, 2019 through June 9, 2019. The County incurred \$57,419 in eligible expenditures in the fiscal year ending June 30, 2019, and \$566,928 in the fiscal year ending June 30, 2020. The Federal Emergency Management Agency approved six (6) project worksheets for this disaster in the fiscal year ending June 30, 2021 of which eligible expenditures totaled \$624,347. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) includes \$624,347 in eligible expenditures incurred in the fiscal year ending June 30, 2019, and June 30, 2020.

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 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 total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Kingfisher County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 6, 2023.

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 as of and for the year ended June 30, 2021, 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) as a basis for designing 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.

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. *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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify certain deficiencies in internal control, described in the accompanying schedule

of findings and questioned costs that we consider to be material weaknesses: 2021-001, 2021-002, and 2021-004.

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 financial statement. 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 questioned costs as item 2021-004.

We noted certain matters regarding statutory compliance that we reported to the management of Kingfisher County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

Kingfisher County's Response to Findings

Kingfisher County's response to the findings identified in our audit is 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 it.

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 results 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

February 6, 2023



**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, 2021. 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 types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

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 2021-005 and 2021-006, 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

February 6, 2023

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? Yes

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 Programs

Assistance Listing Number(s)
97.036

Name of Federal Program or Cluster
Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

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, 2021**

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 2021-001 – Lack of County–Wide Internal Controls (Repeat Finding - 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001)

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, Information and Communication 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 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, 2021**

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 2021-002 – Reconciliation of Appropriation Ledger to the General Ledger (Repeat Finding - 2017-005, 2018-005, 2019-005, 2020-003)

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 a monthly reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger is being performed for all funds.

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 monthly reconciliations are performed between all funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

Management Response:

Chairman of the Board of County Commissioners, 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.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Finding 2021-004 – 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, 2019-004, 2020-002)

Condition: Upon inquiry of county personnel, observation of the County’s disbursement process, and a test of thirty-four (34) disbursements, the following weaknesses were noted:

- One (1) purchase order totaling \$4,000,000 to pay off the new jail could not be located.
- Three (3) purchase orders totaling \$1,631,756 were not encumbered prior to receiving goods or services.
- Four (4) purchase orders totaling \$1,431,873 were encumbered without a signed requisition.
- Four (4) purchase orders totaling \$92,021 did not have adequate documentation.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with state statute and to ensure internal controls over the disbursement process is properly designed and implemented.

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 disbursements are supported by adequate documentation, be requisitioned by a requisitioning officer, funds are encumbered prior to the receipt of goods and/or services, and all purchase orders and supporting documentation be retained in accordance with 19 O.S. § 1505.

Management Response:

Chairman of the Board of County Commissioners: I will ensure that all purchases that go through my office are properly requisitioned, all purchases are encumbered before the goods or services are received, and all purchases are supported by adequate documentation before filing within the County Clerk’s office.

District 2 Commissioner: As a member of the Board, I will ensure that all purchases for my office are properly requisitioned.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

County Clerk: We will ensure that all purchase orders are retained within the County Clerk’s office, and we will strive to ensure that all purchases have a proper requisition before encumbering funds, and that all purchases are filed with adequate documentation.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity – 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 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.

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 2021-005 – Lack of County-Wide Controls Over Major Federal Program – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ALN: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Reporting; and Special Tests and Provisions.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 complied with grant requirements.

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

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.

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.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-006 – Lack of Internal Controls Over Major Federal Programs - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ALN: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Reporting; and 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 or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Reporting; and Special Tests and Provisions.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with grant requirements.

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

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, District 1 County Commissioner, and District 2 County Commissioner: 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).

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2021-003 – Lack of Internal Controls and Noncompliance Over Open Meetings Act

Condition: Upon inquiry with County Officials, and observation of the County’s Monthly Officer Meeting minutes, the following weaknesses were noted:

- The County held monthly meetings with all County Commissioners present.
- Monthly Officer meetings are not open to the public.
- The County did not provide an agenda for the meeting.
- Material decisions regarding county business were decided.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all aspects of the Open Meeting Act are being followed.

Effect of Condition: This condition may result in the County being in violation of the Open Meetings Act.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure compliance with 25 O.S. § 304 (2) and 312 (A) of the Open Meeting Act.

Management Response:

Chairman of the Board of County Commissioners, District 1 County Commissioner, District 2 County Commissioner, and County Clerk: We will adopt and establish a new policy of procedures for monthly county officer meetings by ensuring that the County does not make decisions outside of an open meeting.

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

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Title 25 O.S. § 304 (2) states, "Meeting" means the conduct of business of a public body by a majority of its members being personally together or, as authorized by Section 307.1 of this title, together pursuant to a videoconference. Meeting shall not include informal gatherings of a majority of the members of the public body when no business of the public body is discussed;

Title 25 O.S. § 312 (A) states, "The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act."

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



KINGFISHER COUNTY COMMISSIONERS

Jeff Moss, District 1
 Ray Alan Shimanek, District 2
 Heath Dobrovolny, District 3

Phone: (405) 375-3808
 Fax: (405) 375-2366

Kingfisher County Courthouse
 101 S. Main, Room #9
 Kingfisher, OK 73750

Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2021

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls (Repeat Finding - 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001)	We will continue our meetings and will create policies and procedures to document the Risk Assessments and county-wide controls are created. We will use the checklist that was provided by the Oklahoma State Auditor's office as a tool to complete our objectives.	7/1/2021	Heath Dobrovolny, BOCC Chair
2021-002	Reconciliation of Appropriation Ledger to the General Ledger (Repeat Finding - 2017-005, 2018-005, 2019-006, 2020-003)	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.	7/1/2021	Jeannie Boevers, County Clerk and Robin Rother, County Treasurer
2021-004	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, 2019-004, 2020-002)	We will ensure that all purchases are properly requisitioned, all purchases are encumbered before the goods or services are received and all purchases are supported by adequate documentation before filing within the County Clerk's office.	7/1/2021	All County Officers
2021-005	97.036 - Disaster Grants - Public Assistance (Presidentially Declared)	The County Officers will meet in a County Officers' meeting to discuss federal grants that are awarded to the County.	7/1/2021	All County Officers

	Disasters)			
2021-006	97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	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.	7/1/2021	All County Officers

Heath Dobrovolny, Chairman Board of County Commissioners

ATTEST:

Jeannie Bowers
 County Clerk



APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



KINGFISHER COUNTY COMMISSIONERS

Jeff Moss, District 1
Ray Alan Shimanek, District 2
Heath Dobrovlny, District 3

Phone: (405) 375-3808
Fax: (405) 375-2366

Kingfisher County Courthouse
101 S. Main, Room #9
Kingfisher, OK 73750

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2021

FINANCIAL AUDIT FINDINGS

Finding 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001

Lack of County-Wide Internal Controls

Finding Summary: County-wide controls regarding Control Environment, Risk Management and Monitoring have not been designed.

Status: Partially Corrected; As of July 1, 2021, the Elected Officials have implemented the checklist that is provided by the Oklahoma State Auditor's office.

Finding 2017-005, 2018-005, 2019-006, 2020-003

Reconciliation of Appropriation Ledger to General Ledger

Finding Summary: The County Clerk's appropriation ledger was not reconciled to the County Treasurer's general ledger for all funds on a monthly basis.

Status: Partially Corrected This reconciliation began March 2022. Once the CPA is done balancing at the end of the month, he gives the County Treasurer's office the cash fund analysis report and the County Treasurer's office completes the Cash Fund Reconciliation form and makes sure it all balances with the general ledger. Then it is brought to the County Clerk's office for my reconciliation.

Finding 2006-001, 2007-001, 2008-005, 2009-001, 2012-004, 2013-004, 2014-003, 2017-004, 2018-004, 2019-004, 2020-002

Lack of Internal Controls and Noncompliance Over Disbursements

Finding Summary: The payroll process was not adequately segregated, and payroll warrants were issued prior to Board approval. Seven expenditures were not encumbered timely, six expenditures were not supported by adequate documentation, five expenditures were not encumbered without a requisitioning officer signature, one payroll expenditure was not approved by the department head prior to issuing the warrants, and three sales tax expenditures to the Criminal Justice Authority were not properly expended through the purchase order process.

Status: Partially corrected; For payroll, we have changed our dates for the payroll to be brought to us, so that we can have the Board approve the warrant affidavit before payroll checks are printed. We have talked to all the Elected Officials, Fire Departments, Emergency Management, and the 911 Director to make sure they have a purchase order requisition brought to us before they receive a bill. Expenditures are supported by adequate documentation and encumbered with a requisitioning signature, Also, expenditures are approved by the department head prior to issuing warrants and are properly expended through the purchase order process.

FEDERAL AUDIT FINDINGS

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

Assistance Listing No: 14.228

Federal Program Name: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Federal Grant 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 Test and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide controls regarding Control Environment, Risk Management, Information and Communication, and Monitoring have not been designed.

Status: Partially Corrected; The SEFA reports was done by the Treasurer's office, but was not completed. We have implemented the procedures that any offices receiving Federal Funds will be responsible to directly notify the Treasurer and Commissioner's office of the Federal Deposit. The Commissioner's office will re-verify with the Treasurer's office.

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

Assistance Listing No: 14.228

Federal Program Name: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Federal Grant 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 Test and Provisions

Questioned Costs: \$-0-

Finding Summary: 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 or Unallowed; Allowable Costs/Cost Principles; Equipment Real Property Management; Period of Performance; Program Income; Reporting; Special Test and Provisions

Status: Partially Corrected; The SEFA reports was done by the Treasurer's office, but was not completed. We have implemented the procedures that any offices receiving Federal Funds will be responsible to directly notify the Treasurer and Commissioner's office of the Federal Deposit. The Commissioner's office will re-verify with the Treasurer's office.


Heath Dobrovolny, Chairman Board of County Commissioners



ATTEST:


County Clerk

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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