

# KINGFISHER COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008

# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

**KINGFISHER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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December 16, 2009

TO THE CITIZENS OF  
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma, for the fiscal year ended June 30, 2008. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in blue ink, reading "Steve Burrage", is positioned above the printed name of the State Auditor and Inspector.

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

**KINGFISHER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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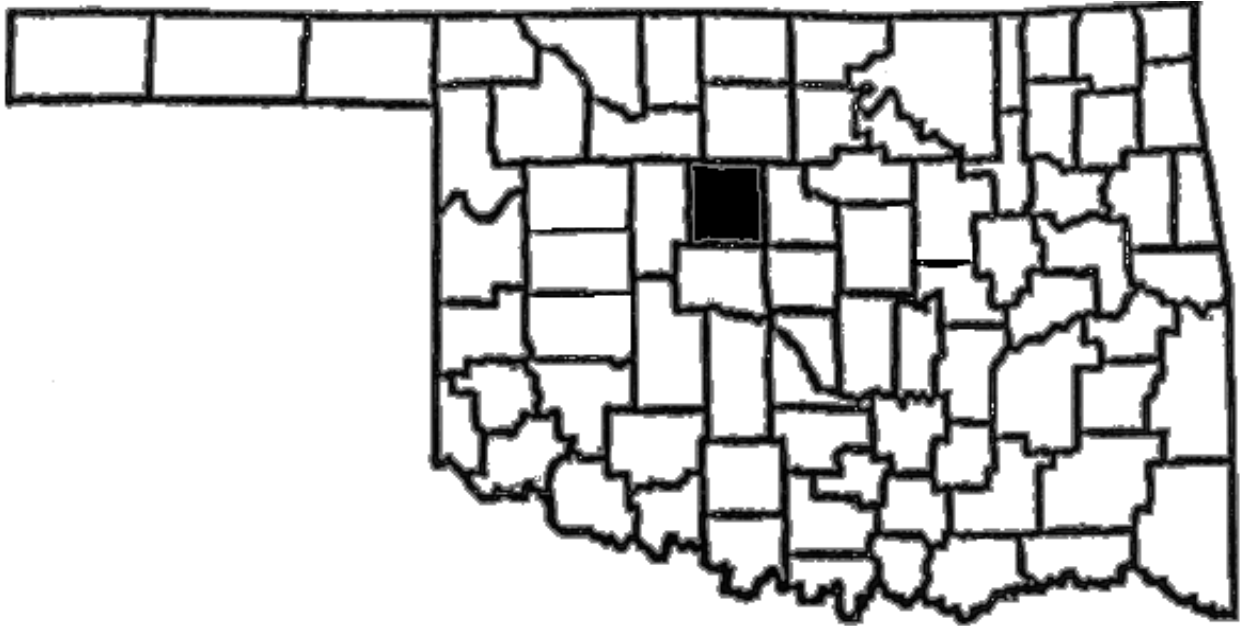
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**REPORT TO THE CITIZENS  
OF  
KINGFISHER COUNTY, OKLAHOMA**

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Kingfisher County was originally a part of the Unassigned Lands opened for settlement during the Land Run of April 22, 1889. Created at statehood, the County was named for King David Fisher, a settler who operated a trading station on the Chisholm Trail.

Kingfisher is the site of the Seay Mansion, restored home of Oklahoma's second territorial governor, A.J. Seay. Built in 1892, it features furnishings from that period. Also located in Kingfisher is the Chisholm Trail Museum, which traces the history of the Chisholm Trail and features Indian artifacts, a restored log cabin, school house, church, and bank.

Agriculture is central to the economy of the area, with wheat being the major crop.

County Seat – Kingfisher

Area – 905.96 Square Miles

County Population – 14,302  
(2005 est.)

Farms – 1,063

Land in Farms – 552,561 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COUNTY ASSESSOR**

Eloise McCully

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

**COUNTY CLERK**

Judy Grellner

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

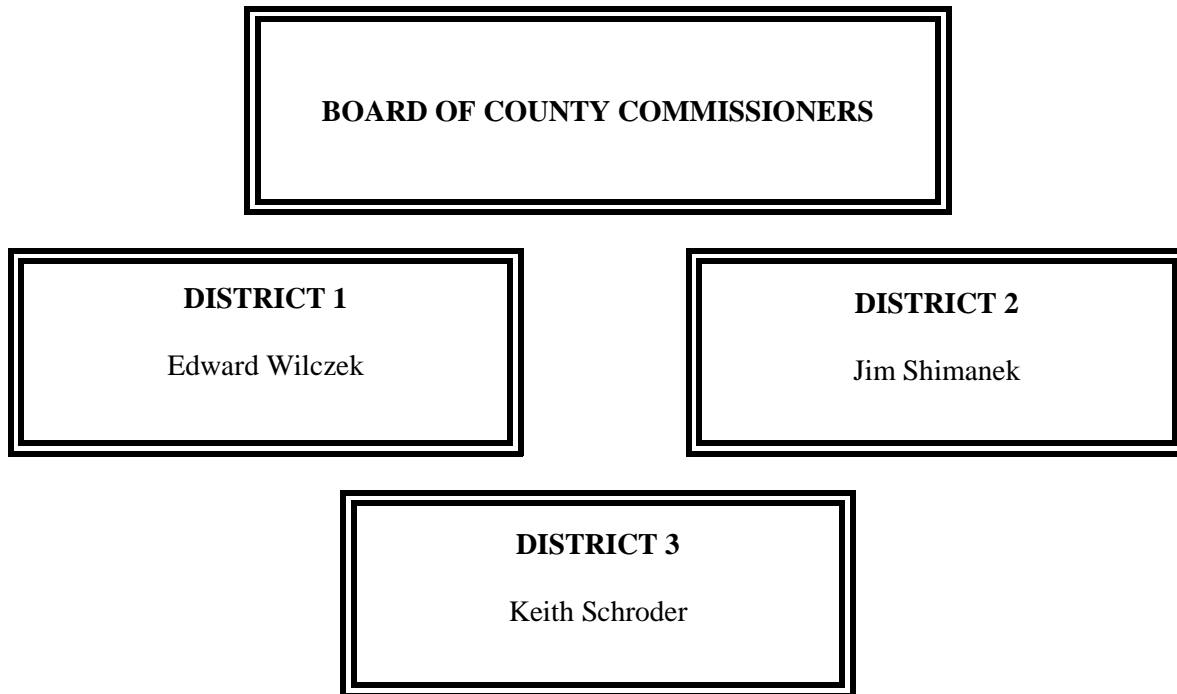
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COUNTY SHERIFF**

Dennis Banther

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

**COUNTY TREASURER**

Karen Mueggenborg

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

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

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COURT CLERK**

Yvonne Dow

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

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

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

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

**DISTRICT ATTORNEY**

Cathy Stocker

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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<b>ELECTION BOARD SECRETARY</b>
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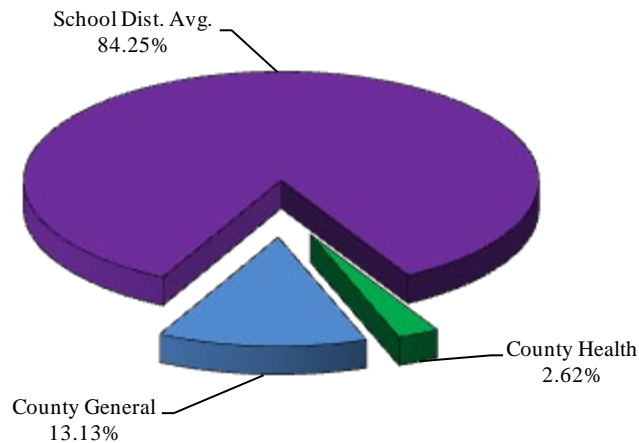
Sharon O'Hern
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

**KINGFISHER COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Sk.	Career Tech	EMS	Common	Total
County General	10.27	Kingfisher	I-7	36.04	5.15	17.44	12.15		4.11	74.89
County Health	2.05	Hennessey	I-16	35.94	5.13	9.20			4.11	54.38
		Okarche	I-105	36.19	5.17	5.96			4.11	51.43
		Dover	I-2	35.99	5.14	13.21			4.11	58.45
		Loyal-Lomega	J-13	35.93	5.13	5.22	12.15		4.11	62.54
		Cashion	I-89	35.49	5.07	5.42		3.00	4.11	53.09
		Okeene	I-94	35.72	5.10	18.77			4.11	63.70
		Drummond	I-85	35.67	5.10				4.11	44.88
		Crescent	Jt I-2	36.27	5.18	13.09	15.54	3.11	4.11	77.30
		Piedmont	Jt I-22	35.23	5.03	27.75	15.10		4.11	87.22
		Cimarron	Jt I-92	35.00	5.00	8.83	15.31		4.11	68.25
		Covington-Douglas	Jt I-94	35.88	5.13	11.81	15.31		4.11	72.24

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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Total net assessed value as of January 1, 2007		<u>\$ 120,270,451</u>
Debt limit - 5% of total assessed value		6,013,523
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 6,013,523</u>

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**  
**(UNAUDITED)**

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	<u>2008</u>
Estimated population	<u>14,302</u>
Net assessed value as of January 1, 2007	<u>\$ 120,270,451</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>-</u>
Net bonded debt	<u>\$ 120,270,451</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$32,558,836	\$23,488,836	\$67,335,168	\$3,112,389	\$120,270,451	\$1,010,923,090

See independent auditor's report.

## **FINANCIAL SECTION**

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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

## Independent Auditor's Report

### TO THE OFFICERS OF KINGFISHER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Kingfisher County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Kingfisher County as of June 30, 2008, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Kingfisher County for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2009, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

August 17, 2009

## **Basic Financial Statement**

**KINGFISHER COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Transfer In	Disbursements	Ending Cash Balances June 30, 2008
Combining Information:					
County General Fund	\$ 1,642,140	\$ 2,172,265	\$ 62	\$ 1,804,546	\$ 2,009,921
Highway Cash	1,719,504	4,432,843		4,013,494	2,138,853
County Health Department	401,351	332,924		440,533	293,742
1/2 Cent Sales Tax	976,722	809,880		460,467	1,326,135
Resale Property	53,637	40,288		38,816	55,109
Sheriff Service Fee	66,806	146,484		116,907	96,383
Sheriff Prisoner Revolving	79,487	111,274		83,935	106,826
County Clerk Lien Fee	45,736	32,107		15,700	62,143
County Clerk Records Management Preservation Fee	52,084	28,569		30,115	50,538
Treasurer Mortgage Tax Certification Fee	892	4,065		1,907	3,050
Assessor Visual Inspection	59,834	7,595		22,061	45,368
Local Emergency Planning Committee Grant	5,648	2,144		2,960	4,832
LEPC Filing Fees	202	1,020		479	743
Trash Cop Grant	120			28	92
Resale Cash - Treasurer	325				325
Memorial Sales Tax	246,315	133,273		307,862	71,726
Free Fair - 5 Year Sales Tax	64,754	450,000		342,257	172,497
911 Emergency	4,538	10,933			15,471
Fire Department Sales Tax	40,776	121,861			162,637
Courthouse Security		41,732		1,264	40,468
<b>Combined Total--All County Funds</b>	<b>\$ 5,460,871</b>	<b>\$ 8,879,257</b>	<b>\$ 62</b>	<b>\$ 7,683,331</b>	<b>\$ 6,656,859</b>

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Fund Accounting**

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

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

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

Highway Cash - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

½ Cent Sales Tax – accounts for the collection and disbursement of sales tax monies.

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

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

Sheriff Prisoner Revolving - accounts for Department of Corrections' receipts and the expenses incurred for the care of prisoners.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

County Clerk Records Management Preservation Fee - accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

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

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

Local Emergency Planning Committee Grant – accounts for the receiving and expending of Hazard Material Emergency Preparedness Planning Grant.

LEPC Filing Fees – accounts for fees collected and expended through the Local Emergency Planning Committee.

Trash Cop Grant – allows for a part-time employee to monitor litter on county roads.

Resale Cash - Treasurer – accounts for the change fund in the County Treasurer's office.

Memorial Sales Tax – accounts for the collection of a six-month, ½ cent, sales tax (November 2006 to April of 2007) to be used to construct and maintain a Kingfisher County Military Service Memorial.

Free Fair – 5 Year Sales Tax – accounts for the collection of a five-year, ¼ cent, sales tax to be used for the Kingfisher County Free Fair Board.

911 Emergency – accounts for fees on phone service to establish street and rural road names and directions in the County for emergency services.

Fire Department Sales Tax – accounts for the collection of a ten-year, ¼ percent, sales tax to contract with rural and municipal fire departments in the Big Four, Cashion, Dover, Hennessey, Kingfisher, Loyal, Okarche, and Omega communities.

Courthouse Security – accounts for the \$10.00 fee collected on traffic, misdemeanor, and felony court cases and is to be used for enhancing existing or providing additional courthouse security as set forth by 28 O.S. § 153.E.60.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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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.

**C. Basis of Accounting**

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

**D. Budget**

Under current Oklahoma Statutes, 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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

**E. Cash**

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

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

**F. Investments**

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

- U.S. Government obligations

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

**G. Compensated Absences**

Vacation benefits are earned by the employee based on years of service and may not be accumulated. Employees up to 10 years earn 10 days per year; up to 19 years earn 15 days per year; up to 29 years earn 20 days; and 30 or more years earn 25 days. Vacation leave is accrued on January 1 of each year, except the first year of employment, when it is accrued on the first employment anniversary date. Earned vacation benefits are paid upon termination.

Sick leave benefits are accrued at the rate of 4 hours per month and employees may accumulate up to 20 days. Sick leave is not paid upon termination.

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2007, was approximately \$120,270,451.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.27 mills for general fund operations and 2.05 mills for county health department. In

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

Current year tax collections for the year ended June 30, 2008, were approximately 98 percent of the tax levy.

### **3. Fuel Tax**

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

### **4. Risk Management**

The County is exposed to the various risks of loss shown in the following table:

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"><li>• Torts</li><li>• Errors and Omissions</li><li>• Law Enforcement Officers' Liability</li><li>• Vehicle</li></ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"><li>• Theft</li><li>• Damage to Assets</li><li>• Natural Disasters</li></ul>		
Workers' Compensation <ul style="list-style-type: none"><li>• Employees' Injuries</li></ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

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

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

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

## **5. Long-term Obligations**

### **Capital Leases**

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$280,076, \$251,151, and \$217,728, respectively, equal to the required contributions for each year.

**7. Other Post Employment Benefits (OPEB)**

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**8. Contingent Liabilities**

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

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**9. Sales Tax**

A ½ cent sales tax extending for five years was renewed in an election held February 14, 2006. The sales tax is used to fund county government in the following manner: Roads (29%); General Government (16%); OSU Extension (9%); Free Fair (10%); Rural Fire (13%); County Sheriff (15%); Museum (5%); and Libraries (3%). The sales tax is apportioned directly to the Sales Tax Fund and remitted to the above named entities. For the fiscal year ending June 30, 2008, \$809,879.70 was collected and apportioned in sales tax.

A ¼ cent sales tax extending for five years from August 2006 is used to fund the Kingfisher County Free Fair Board. One hundred percent of the funds shall be apportioned to the Free Fair Board.

A ½ cent sales tax that extended for six months from November 2006 to April 2007 is used to fund the construction and maintenance of a Kingfisher County Military Service Memorial to be located in the Kingfisher City Cemetery. There was a court order filed October 4, 2006, in the Kingfisher County Court Clerk's Office, Case No. CV-2006-183 stating, "It is therefore ordered, adjudged and decreed that a Declaratory Judgment is entered herein to adjust the dates of the collection of the Sales Tax for the Kingfisher County Military Service Memorial, so that the collections shall begin on January 1, 2007 and end on June 30, 2007." The judgment was issued pursuant to the provisions of 68 O.S. § 1370.

A ¼ cent sales tax extending for ten years from January 1, 2008, was approved in an election held November 13, 2007. The sales tax is for the purpose of contracting with the rural and municipal fire departments in the following communities: Big Four, Cashion, Dover, Hennessey, Kingfisher, Loyal, Okarche, and Omega for such rural fire protections as may be deemed necessary for the Board of County Commissioners.

**10. Inter-fund Transfers**

Inter-fund transfer consists of a transfer of funds from the Individual Redemption Fund (a non-county financial statement fund) to the County General Fund.

<u>Transfer In</u>	<u>Amount</u>
County General	\$62.00

## **OTHER SUPPLEMENTARY INFORMATION**

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,642,140	\$ 1,642,140	\$ 1,642,140	\$ -
Less: Prior Year Outstanding Warrants	(79,922)	(79,922)	(79,922)	
Less: Prior Year Encumbrances	(65,376)	(65,376)	(44,675)	20,701
Beginning Cash Balances, Budgetary Basis	1,496,842	1,496,842	1,517,543	20,701
Receipts:				
Ad Valorem Taxes	1,122,889	1,122,889	1,234,852	111,963
Charges for Services	89,931	89,931	173,751	83,820
Intergovernmental Revenues	134,596	134,596	462,431	327,835
Miscellaneous Revenues	118,233	175,196	301,231	126,035
Total Receipts, Budgetary Basis	1,465,649	1,522,612	2,172,265	649,653
Expenditures:				
District Attorney	9,783	9,783	9,455	328
County Sheriff	476,394	490,264	487,693	2,571
County Treasurer	155,843	155,843	154,726	1,117
County Commissioners	102,100	102,100	99,047	3,053
OSU Extension	9,982	9,982	9,434	548
County Clerk	149,947	149,947	142,506	7,441
Court Clerk	133,005	170,394	161,545	8,849
County Assessor	132,250	132,250	125,524	6,726
Revaluation of Real Property	113,757	113,757	67,729	46,028
General Government	1,430,013	1,429,680	376,978	1,052,702
Excise-Equalization Board	5,000	5,000	1,510	3,490
County Election Board	64,495	65,434	61,417	4,017

continued on next page

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

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Purchasing Agent	33,200	33,200	33,138	62
Data Processing	4,000	4,000	3,960	40
Welfare Agencies	3,000	3,000		3,000
Charity	3,000	3,000	2,820	180
Recording Account	10,000	10,000	9,854	146
Civil Defense	22,500	27,598	27,516	82
Solid Waste	22,000	22,000	16,064	5,936
Soil Conservation	750	750	750	-
County Audit Budget	12,027	12,027	12,027	-
Free Fair Budget	69,445	69,445		69,445
Total Expenditures, Budgetary Basis	2,962,491	3,019,454	1,803,693	1,215,761
Transfers In			62	
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,886,177	\$ 1,886,177
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			45,610	
Add: Current Year Outstanding Warrants			78,134	
Ending Cash Balance			<u>\$ 2,009,921</u>	

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

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—WITH COMBINING INFORMATION**  
**COUNTY HEALTH DEPARTMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 401,351	\$ 401,351	\$ 401,351	\$ -
Less: Prior Year Warrants	(8,881)	(8,881)	(8,881)	
Less: Prior Year Encumbrances	(70,130)	(70,130)	(67,708)	2 422
Beginning Cash Balances, Budgetary Basis	322,340	322,340	324,762	2,422
Receipts:				
Ad Valorem Taxes	224,140	224,140	246,470	22,330
Charges for Services		62,299	85,935	23,636
Intergovernmental Revenue			519	519
Total Receipts, Budgetary Basis	224,140	286,439	332,924	46,485
Expenditures:				
Health and Welfare	546,480	608,779	404,695	204,084
Total Expenditures, Budgetary Basis	546,480	608,779	404,695	204,084
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	252,991	\$ 252,991
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			14,812	
Add: Current Year Outstanding Warrants			25,939	
Ending Cash Balance			\$ 293,742	

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

**KINGFISHER COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Budgetary Schedule**

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

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

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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

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

TO THE OFFICERS OF  
KINGFISHER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2008, which 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 August 17, 2009. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kingfisher County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2008-1, 2008-4, and 2008-5 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingfisher County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Kingfisher County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Kingfisher County's response and, accordingly, we express no opinion on it.

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



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

August 17, 2009

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**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 2008-1 – Segregation of Duties (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be separated.

Condition: A lack of segregation of duties exists in the County Assessor's office because one deputy opens the mail, balances the cash drawer to daily receipts, takes deposits to the bank, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Further, the same deputy prepares the vouchers, posts the vouchers to the cash book, and mails the vouchers for this account.

A lack of segregation of duties exists in the County Sheriff's office because one deputy opens the mail, writes all the receipts, balances the cash drawer to daily receipts, takes deposits to the bank, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Further, the same deputy prepares the vouchers, signs the vouchers, posts the vouchers to the cash book, and mails the vouchers for this account.

The County Treasurer's office has three deputies that can perform all the accounting functions; however, there is no formal segregation of duties because the County Treasurer reconciles the official depository account to balances generated by her office and also prepares and reviews vouchers for the same account.

A lack of segregation of duties exists in the Election Board office because the Secretary opens the mail, writes all the receipts, balances the cash drawer to daily receipts, takes deposits to the bank, posts deposits to the cash book, and balances the account at month end to the Treasurer's balance. Further, the Secretary also prepares the vouchers, signs the vouchers, posts the vouchers to the cash book, and mails the vouchers for this account.

A lack of segregation of duties exists in the County Health Department because the Secretary opens the mail, reconciles the account to the Treasurer's balance, prepares customer billings, and posts customer payments to the account. Further, the Secretary also prepares the vouchers, signs the vouchers, posts the vouchers to the cash book, and mails the vouchers for this account.

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

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

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Views of responsible officials and planned corrective actions: These offices are aware of the lack of segregation of duties and are performing periodic reviews and cross-training employees to assure adequate internal accounting controls.

**Finding 2008-4 – Encumbrance of Purchase Orders**

Criteria: Statutory control requirements have been established for county government for the timely encumbrance of county purchase orders. Title 19 O.S. § 1505.C(1)(2) states “The procedure for the purchase of ... shall be as follows: (1) The county purchasing agent shall prepare a purchase order ... and submit it... to the county clerk; (2) the county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;...”

Condition: In the testing of 63 purchase orders in the General Fund, Highway Fund, and Veterans Memorial Fund, seven instances were noted in which goods or services were received prior to funds being encumbered.

PO No.	Req'd Date	Fund	Vendor	Invoice Date/ Order Date	Amt Pd	Purpose
576	08/06/2007	General	Visual Lease Service Inc	08/01/2007	\$15,750.00	1 <sup>st</sup> Payment Oil & Gas Maintenance
706	08/15/2007	Highway	Dub Ross Company	08/14/2007	\$6,646.00	96" X 40' 14ga 3X1 CSP Coated Culvert @ 5236.00 and 60"X40' 16GA 3X1 CSP @ 1410.00
1657	11/13/2007	Highway	Rother Bros Inc	11/09/2007	\$910.00	Drive assembly for rhino mower
595	08/07/2007	Veterans Memorial	Coughlan Construction	08/06/2007	\$25,488.36	Construction of a Veterans Memorial
1085	09/24/2007	Highway	Edward Leon Wilczek	09/20/2007	\$524.75	Reimburse for part purchased COD from William Machine and Tool
2274	02/15/2008	Highway	Cummins Inc	02/14/2008	\$20,000.00	Down Payment for 2002 Grader
2716	02/14/2008	Highway	Horn & Son Construction	02/13/2008	\$6,600.00	60 Hours of Dozer and Operator

Additional test work of new equipment purchases in the Free Fair Revolving Fund, Highway Fund, Sales Tax Fund, and Sheriff Service Fee Fund, revealed that eight purchase order invoice/service dates were before the encumbrance date.

PO No.	Req'd Date	Fund	Vendor	Invoice Date/ Order Date	Amt Pd	Purpose
4158	06/30/2008	Free Fair Renov	Ford Audio – Video	06/19/2008	\$6,835.39	Microphone system
1579	11/05/2007	Highway	S & J Company	11/02/2007	\$7,320.00	Installed 2 tube heaters
873	09/04/2007	Sales Tax	Tech Resq	08/28/2007	\$5,661.74	13' Otter Boat
2152	12/31/2007	Sales Tax	NAFECO	11/29/2007	\$1,082.00	Rescue Randy 1 <sup>st</sup> aid Dummy
2819	02/25/2008	Sales Tax	Crow Construction	02/15/2008	\$600.00	Water level System
2819	02/25/2008	Sales Tax	Crow Construction	02/15/2008	\$1,700.00	Intercom System/Radio
3482	04/24/2008	Sales Tax	Global Communications	03/21/2008	\$3,519.05	Base Radio
1295	10/09/2007	Sheriff Service Fee	Special Ops	10/05/2007	\$524.99	Body Armor – Impulse 6.0

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Effect: The County is not following purchasing procedures established by state statutes, which results in unencumbered county expenditures.

Recommendation: OSAI recommends the County place an emphasis on encumbering funds prior to receiving goods or services as set forth in 19 O.S. § 1505.C(1)(2).

Views of responsible officials and planned corrective actions: Each office will strive to enforce the purchasing procedures and ensure that purchase orders are in place prior to purchases being made.

**Finding 2008-5 – Inadequate Documentation**

Criteria: Statutory control requirements have been established for county government for adequate documentation of purchases including invoices, receipts, and receiving reports.

Title 19 O.S. § 1505.E states,

The receiving officer shall complete a receiving report in quadruplicate which shall state the quantity and quality of goods delivered.

Condition: The test of 63 purchase orders revealed four instances in which purchase orders did not have all documentation attached, including invoices and receipts.

PO No.	Fund No.	Warrant No.	Amount	Item	Document Missing
865	Highway	870	\$ 4,973.00	9,946 yards of shale @ \$.50/yard	Invoice
60	Highway	900	\$ 1,167.00	3,890 yards of shale @ \$.30/yard	Invoice
3633	Highway	1758	\$26,440.83	1,499 gal of Gas @ \$3.1427/gal and 5,990 gal of diesel @ \$2.6006/gal	Phone quote for fuel prices
1597	LEPC Grant	2	\$ 2,085.00	Training for 3 Firefighters	Invoice/Receipt

Extended test work of employee reimbursement payments resulted in an additional purchase order that did not have a receiving report attached.

PO No.	Fund No.	Warrant No.	Amount	Item
629	LEPC Fee	2	\$44.50	Reimbursement for donuts @ \$21.74 from Daylight Donuts and supplies @ \$22.26 from Wal-Mart for LEPC Meeting

Effect: Inadequate documentation may result in the County making unlawful expenditures.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Recommendation: OSAI recommends the County officers comply with 19 O.S. § 1505.E and complete receiving reports at the time of delivery to ensure accuracy and obtain proper documentation such as invoices and receipts to effectively account for County expenditures.

Views of responsible officials and planned corrective actions: The shale vendors did not invoice for the shale removed by the County. The District was reminded of the importance of all documents attached to the purchase order for payment according to 19 O.S. § 1505.E. Emergency Management will pay special attention to the attachment of invoices to purchase orders for payment.

**SECTION 2—This section contains a certain matter not required to be reported in accordance with *Government Auditing Standards*. However, we believe this matter is significant enough to bring to management's attention. We recommend that management consider this matter and take appropriate corrective action.**

**Finding 2008-3 – Kingfisher County Veterans Memorial Construction**

Criteria: Title 61 O.S. § 102 as the Public Competitive Bidding Act of 1974, defines the following:

6. "Public construction contract" or "contract" means any contract, exceeding Fifty Thousand Dollars (\$50,000.00) in amount, awarded by any public agency for the purpose of making any public improvements or constructing any public building or making repairs to or performing maintenance on the same except where the improvements, construction of any building or repairs to the same are improvements or buildings leased to a person or other legal entity exclusively for private and not for public use and no public tax revenues shall be expended on or for the contract unless the public tax revenues used for the project are authorized by a majority of the voters of the applicable public agency voting at an election held for that purpose and the public tax revenues do not exceed twenty-five percent (25%) of the total project cost. The amount of public tax dollars committed to the project will not exceed a fixed amount established by resolution of the governing body prior to or concurrent with approval of the project;

7. "Public improvement" means any beneficial or valuable change or addition, betterment, enhancement or amelioration of or upon any real property, or interest therein, belonging to a public agency, intended to enhance its value, beauty or utility or to adapt it to new or further purposes. The term does not include the direct purchase of materials, provided that the materials are not purchased in increments for an amount of less than Fifty Thousand Dollars (\$50,000.00) and used for the purposes of completing a single project, equipment or supplies by a public agency, or any personal property as defined in paragraphs 1 and 4 of subsection B of Section 430.1 of Title 62 of the Oklahoma Statutes;

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Title 61 O.S. § 103 further provides.

A. Unless otherwise provided by law, all public construction contracts exceeding Fifty Thousand Dollars (\$50,000.00) shall be let and awarded to the lowest responsible bidder, by open competitive bidding after solicitation for sealed bids, in accordance with the provisions of the Public Competitive Bidding Act of 1974. No work shall be commenced until a written contract is executed and all required bonds and insurance have been provided by the contractor to the awarding public agency.

B. Except as provided in subsection D of this section, public construction contracts less than Fifty Thousand Dollars (\$50,000.00) shall be let and awarded to the lowest responsible bidder by receipt of written bids. No work shall be commenced until a written contract is executed and proof of insurance has been provided by the contractor to the awarding public agency.

Condition: Construction of the Kingfisher County Veterans Memorial began in the latter part of the year 2003 as stated in a document on file in the County Clerk's office, provided by the Kingfisher American Legion Post.

The Kingfisher American Legion document, dated November 11, 2007, outlined the following:

"The Veterans began the first phase of construction. Contractors were hired and verbal commitments were made for the entire memorial. Phase I was near completion."

Funds were not adequate to cover the cost of completion.

On August 22, 2006, a ½ cent sales tax was approved by the voters of Kingfisher County. The six-month sales tax was for the construction and maintenance of the Kingfisher County Veterans Memorial.

The County expended \$311,313.65 in county sales tax for the Kingfisher County Veterans Memorial without following bidding procedures for public construction. The County disbursed these funds for a Phase II and Phase III of the construction of a veteran's memorial. There was no evidence of a written contract on file with the County Clerk.

Effect: The County has violated provisions of state statutes regarding bidding procedures and purchasing controls have been weakened with regard to acquisition of county assets.

Recommendation: OSAI recommends that public construction contracts over \$50,000.00 be bid in accordance with state statutes, and that contracts be entered into between the County and successful bidder, so as to effectively comply with the Public Competitive Bidding Act of 1974.

Views of responsible officials and planned corrective actions: Phase I construction of the memorial was completed before the sales tax election was held. County officials believed contracts and bids were in place before the sales tax proposal was approved. In the future, special project elections will adhere to the Public Competitive Bidding Act.

**KINGFISHER COUNTY, OKLAHOMA  
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**Finding 2008-2 – Equipment Inventory**

Criteria: Title 19 O.S. § 178.1 states in part:

The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener...

Condition: We noted that many inventory items in District 1, Free Fair, County Sheriff's Department, and Fire Departments were not marked or were mismarked with county inventory numbers.

Effect: Inventory items were not accurately accounted for and the County's assets may not be safeguarded.

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record.

Views of responsible officials and planned corrective actions: These offices have ensured that all pieces of equipment with a cost of \$500 or more have been accurately marked and inventory lists have been updated and will be maintained in accordance with 19 O.S. § 178.1.

**Finding 2008-6 – Solicitation of Bids**

Criteria: Title 19 O.S. § 1505.B.4 states in part:

The board of county commissioners shall select the lowest and best bid based upon the availability of material and transportation cost to the job site within thirty (30) days of the meeting... The board of county commissioners shall keep a written record of the meeting as required by law, and any time the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded.

Additionally, 19 O.S. § 1501.3.a requires the purchasing agent to solicit bids for items in excess of \$10,000.

Condition: District Commissioners 1, 2, and 3 made 15 purchases on single purchase orders totaling \$84,651.87 to Logan County Asphalt in a six-month period for Hot Mix Hot Lay. Logan County Asphalt was on the six-month bid list for "Type C Asphalt;" however, the bid price of \$48.75 per ton was not the price on the invoices of \$49.50 per ton, a difference of \$0.75 per ton.

Additionally, there were three vendors with lower bid prices per ton. The Board minutes did not reflect that this was the bid chosen, nor the reason why the lowest bid was not selected.

**KINGFISHER COUNTY, OKLAHOMA  
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Effect: The County is not in compliance with statutory bidding laws, which could result in unlawful expenditures.

Recommendation: OSAI recommends that the County comply with 19 O.S. § 1504.B.4 and 19 O.S. § 1501.3.a, and solicit bids on items over \$10,000.00.

Views of responsible officials and planned corrective actions: A copy of the six-month bid list was provided for the period starting July 1, 2007, which showed Logan County Asphalt's bid listed. Logan County Asphalt was not shown to be the lowest bidder. All Districts will be reminded of the importance to show lowest and best bid, according to 19 O.S. § 1505.B.4, and also purchases in excess of \$10,000 requiring the purchasing agent to solicit bids for said item, according to 19 O.S. § 1501.3.a.

**Finding 2008-7 – Bid Selection and Documentation**

Criteria: Title 19 O.S. § 1505.B.4 states:

The board of county commissioners shall select the lowest and best bid based upon availability of material and transportation cost to the job site within thirty (30) days of the meeting". It further states, "The board of county commissioners shall keep a written record of the meeting as required by law, and anytime the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded.

Condition: The test of 63 purchase orders revealed two instances in which items were purchased from vendors who did not have the low bid. There was no documentation in the minutes as to why the lowest bid was not accepted.

PO No.	Fund	Vendor	Warrant #	Amount Paid	Purpose	Lowest Bid
1448	Highway	U.S. Gypsum	906	\$9,679.47	790.4 tons of 3/4" rock @ \$6.60/ton and 782.95 tons of 2" rock @ \$5.70/ton	Diamond Gypsum 3/4" Rock @ \$6.25/ton
3651	Highway	Rother Brothers	2026	\$10,349.00	Rhino FM 15 Mower	P&K Equipment \$8,230.32

Effect: The County is not following statutory bidding procedures, which may result in excessive payments for services, supplies, and equipment.

Recommendation: OSAI recommends that items be purchased from the lowest and best bidder. When the lowest bid is not accepted, the reason should be documented in the minutes as set forth in 19 O.S. § 1505.B.4.

Views of responsible officials and planned corrective actions: Commissioners will be reminded that documentation must be made in the minutes when the lowest bid is not accepted, according to 19 O.S. § 1505.B.4.

**KINGFISHER COUNTY, OKLAHOMA  
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**Finding 2008-8 – Employee Reimbursements**

Criteria: Title 19 O.S. § 1505.A states in part:

The following procedures shall be used by counties for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government unless otherwise provided for by law.

A. The procedure for requisitioning items for county offices shall be as follows:

1. The requesting department shall prepare a requisition form in triplicate. The requisition shall contain any specifications for an item as deemed necessary by the requesting department. The form shall be prescribed by the State Auditor and Inspector;

2. The requesting department shall retain a copy of the requisition and forward the original requisition and a copy to the county purchasing agent; and

3. Upon receipt of the requisition, the county purchasing agent, within two (2) working days, shall begin the bidding and purchasing process as provided for in this section. Nothing in this section shall prohibit the transfer of supplies, materials, or equipment between county departments upon a written agreement between county officers.

C. After selection of a vendor, the procedure for the purchase, lease-purchase, or rental of supplies, materials, and equipment used by a county shall be as follows:

1. The county purchasing agent shall prepare a purchase order in quadruplicate and submit it with a copy of the requisition to the county clerk;

2. The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;

Condition: The testing of purchase order data for the fiscal year ended June 30, 2008, revealed 11 instances in which County employees were reimbursed for office supplies, copies, parts, donuts, keys, and equipment.

PO No.	Fund	Warrant #	Amount Paid	Purpose
1198	Assessor VI	13	\$ 24.91	Attaché case from Staples
785	General	276	\$251.37	Shelving from Sams Club - Storage Boxes from Wal-Mart
1504	General	561	\$ 64.99	Frame from Hobby Lobby for Centennial College
2823	General	1150	\$250.00	Weather Software from regsoft.net
3164	General	1322	\$ 64.81	20 copies of answer brief from Kinkos
1085	Highway	458	\$524.75	Part purchased COD from Williams Machine and Tool
1894	Highway	860	\$ 7.50	Keys purchased from JKM
3224	Highway	1530	\$ 9.58	Safety supplies from Wal-Mart
2539	LEPC Fee	2	\$ 44.50	Donuts from Daylight Donuts and Supplies from Wal-Mart
3418	LEPC Fee	5	\$ 50.84	12 binders from Wal-Mart
189	Sheriff Service Fee	2	\$ 61.89	Tactical Vest from Outdoor America Store

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Effect: Purchasing guidelines are circumvented when employees are reimbursed for items that should be purchased directly from the vendor.

Recommendation: OSAI recommends the County follow proper purchasing procedures when purchasing items for the County so as to provide effective controls over purchases.

Views of responsible officials and planned corrective actions: These offices have notified all employees that reimbursements will no longer be issued.



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