

COUNTY AUDIT

KINGFISHER COUNTY

For the fiscal year ended June 30, 2009



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**KINGFISHER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Oklahoma State Auditor & Inspector

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April 15, 2011

TO THE CITIZENS OF
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma for the fiscal year ended June 30, 2009. 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, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**KINGFISHER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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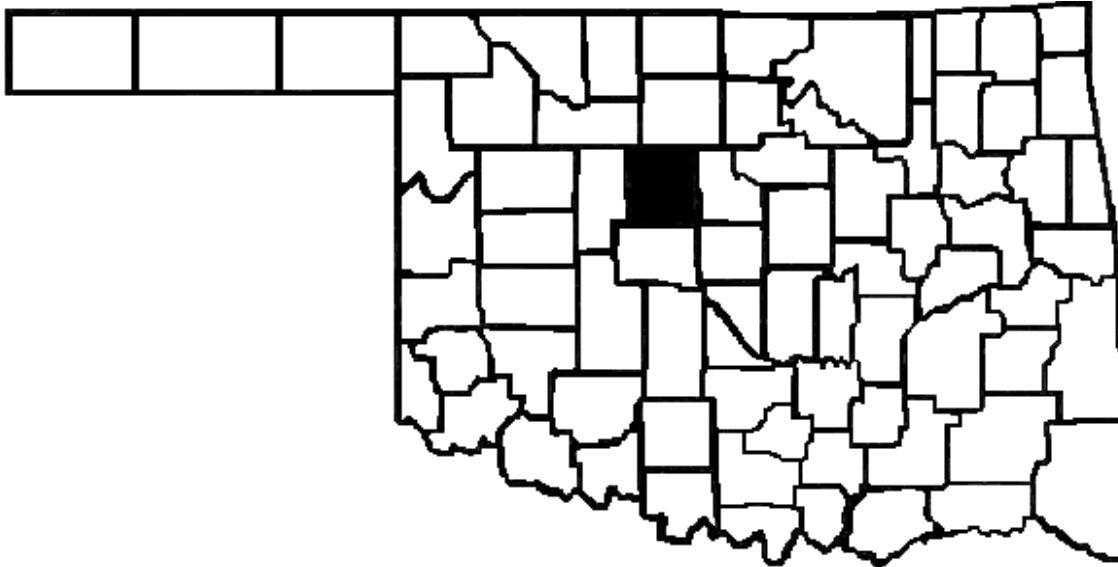
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**REPORT TO THE CITIZENS
OF
KINGFISHER COUNTY, OKLAHOMA**



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 – 14,320
(2007 est.)

Farms – 1,002

Land in Farms – 566,212 Acres

Primary Source: Oklahoma Almanac 2009-2010

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

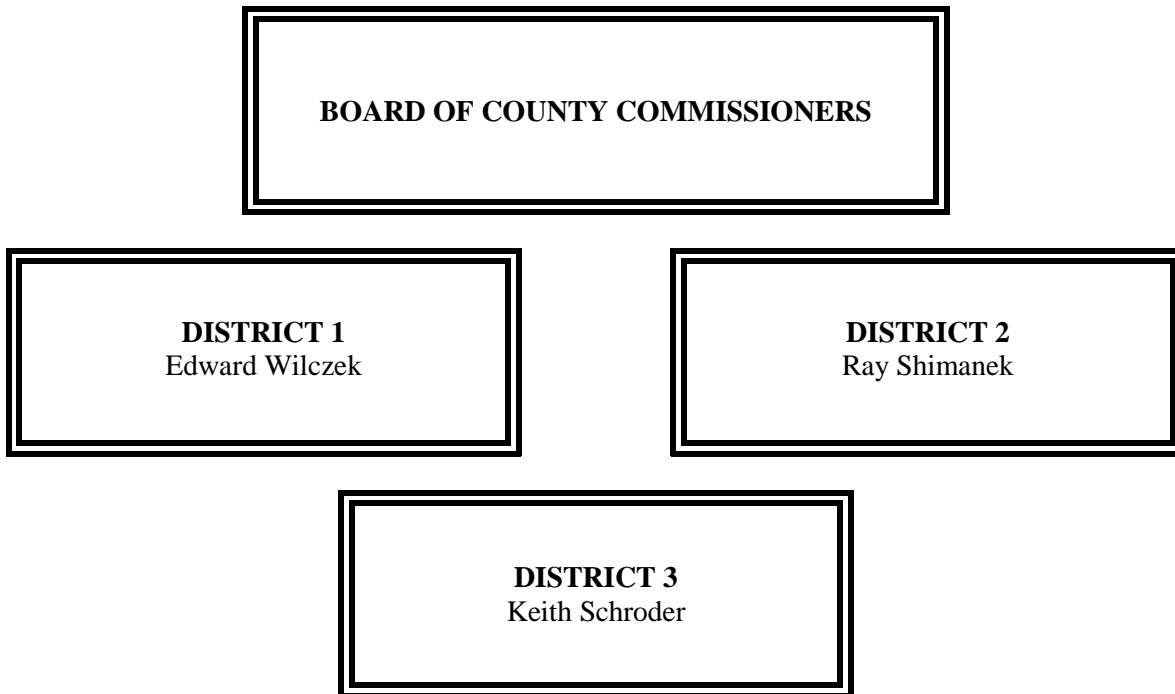
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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, 2009**



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, 2009**

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.

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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.

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, 2009**

ELECTION BOARD SECRETARY
Sharon O'Hern

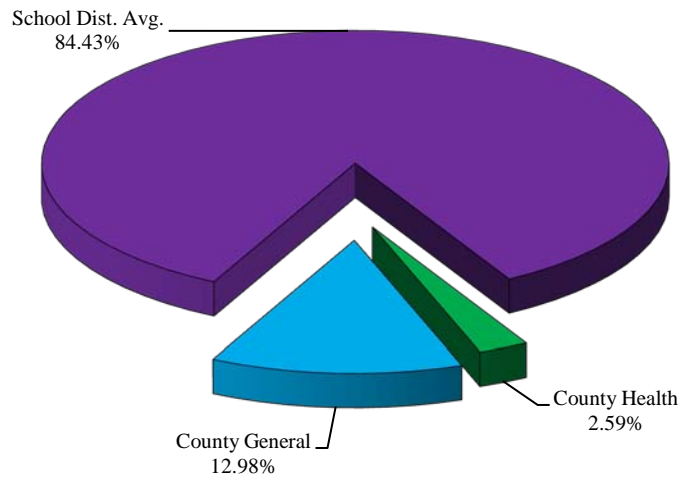
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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.

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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							
		Career							
		Gen.	Bldg.	Skg.	Tech	EMS	Common	Total	
County General	10.27								
County Health	2.05								
Kingfisher	I-7	36.04	5.15	15.54	12.15		4.11	72.99	
Hennessey	I-16	35.94	5.13	9.51			4.11	54.69	
Okarche	I-105	36.19	5.17				4.11	45.47	
Dover	I-2	35.99	5.14	26.85			4.11	72.09	
Loyal-Lomega	J-13	35.93	5.13	14.86	12.15		4.11	72.18	
Cashion	I-89	35.49	5.07	11.64		3.00	4.11	59.31	
Okeene	I-9	35.72	5.10	18.77			4.11	63.70	
Drummond	I-85	35.67	5.10	10.65			4.11	55.53	
Crescent	JT I-2	36.27	5.18	13.08	15.54	3.11	4.11	77.29	
Piedmont	JT I-22	35.23	5.03	31.54	15.10		4.11	91.01	
Cimarron	JT I-92	35.00	5.00	7.61	15.31		4.11	67.03	
Covington-Douglas	JT I-94	35.88	5.13	10.17	15.31		4.11	70.60	

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Total net assessed value as of January 1, 2008		<u>\$ 128,656,986</u>
Debt limit - 5% of total assessed value		6,432,849
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 6,432,849</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, 2009
(UNAUDITED)**

	2009
Estimated population	14,320
Net assessed value as of January 1, 2008	\$ 128,656,986
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2008	\$36,413,697	\$24,735,334	\$70,829,271	\$3,321,316	\$128,656,986	\$1,111,013,478

See independent auditor's report.

FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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, 2009, 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, 2009, 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, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2011, 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

April 11, 2011

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, 2009**

	Beginning Cash Balances July 1, 2008	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2009
Combining Information:						
County General Fund	\$ 2,009,921	\$ 2,355,111	\$ -	\$ -	\$ 2,008,223	\$ 2,356,809
Highway Cash	2,138,853	5,816,030			5,806,869	2,148,014
County Health Department	293,742	387,387			421,814	259,315
1/2 Cent Sales Tax	1,326,135	869,984			893,699	1,302,420
Resale Property	55,109	46,240			58,291	43,058
Sheriff Service Fees	96,383	90,252	16,356		84,176	102,459
Sheriff Prisoner Revolving	106,826	65,811			81,046	91,591
County Clerk Lien Fee	62,143	21,283			27,720	55,706
County Clerk Records Management Preservation Fee	50,538	28,981			17,526	61,993
Treasurer Mortgage Tax Certification Fee	3,050	3,640			2,586	4,104
Assessor Visual Inspection	45,368	5,593			11,748	39,213
Local Emergency Planning Committee Grant	4,832	2,020			958	5,894
LEPC Filing Fees	743				53	690
Trash Cop Grant	92					92
Resale Cash - Treasurer	325					325
Memorial Sales Tax	71,726	897			72,622	1
Free Fair - 5 Year Sales Tax	172,497	508,641			601,607	79,531
911 Emergency	162,637	215,300				377,937
Fire Department Sales Tax	40,468	487,424			176,038	351,854
Courthouse Security	15,471	885		16,356		16,356
County Clerk Lien Bond Fund		2,694				2,694
Combined Total - All County Funds	\$ 6,656,859	\$ 10,908,173	\$ 16,356	\$ 16,356	\$ 10,264,976	\$ 7,300,056

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, 2009**

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 financial statement referred to includes only the primary government of Kingfisher County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. 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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Sheriff Service Fees - accounts for the collection and disbursement of sheriff process service fees as restricted by statute. This fund includes the remaining balance of the Courthouse Security fund which was closed in August 2008.

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

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 County Clerk's office 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 - accounted for the collection of a six-month, ½ cent sales tax from November 2006 to April of 2007. The tax was used to construct a Kingfisher County Military Service Memorial. The fund ended the audit year with a \$1.00 balance.

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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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. This fund was closed in August 2008 and the remaining balance was transferred to the Sheriff Service Fee Fund.

County Clerk Lien Bond Fund – accounts for the money owed plus 25% when an individual files a lien against another person’s property and the person contests the lien.

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

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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

F. Investments

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

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

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

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.

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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2008, was approximately \$128,656,986.

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 addition, the County collects the ad valorem taxes assessed by 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.

Current year tax collections for the year ended June 30, 2009, were approximately 99 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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

4. Risk Management

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

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle 	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"> • Theft • Damage to Assets • Natural Disasters 		
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	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 deductible amount (\$10,000, \$25,000, or \$50,000). 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. The pool has acquired specific excess insurance with retention limits of \$250,000 for property claims and \$500,000 for general liability claims. The pool has acquired reinsurance in the amount of \$2,000,000 for general liability and \$50,000,000 per occurrence for property to cover claims that exceed the pool's retention limits. If claims exceed pool assets, the County could be liable for its share of the pool's deficit. 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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, but have a one-time fee of 3% on all pieces of machinery acquired.

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 9.5% and 14.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 14.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2009, 2008, and 2007, were \$326,102, \$280,076, and \$251,151, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

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.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

8. Contingent Liabilities

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

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

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, 2009, \$869,984.28 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 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. Interfund Transactions

Operating transfers consist of \$16,356 from the Courthouse Security Fund to the Sheriff Service Fee Fund.

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, 2009

	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,009,921	\$ 2,009,921	\$ 2,009,921	\$ -
Less: Prior Year Outstanding Warrants	(78,134)	(78,134)	(78,134)	
Less: Prior Year Encumbrances	(45,610)	(45,610)	(22,587)	(23,023)
Beginning Cash Balances, Budgetary Basis	<u>1,886,177</u>	<u>1,886,177</u>	<u>1,909,200</u>	<u>(23,023)</u>
Receipts:				
Ad Valorem Taxes	1,134,217	1,134,217	1,253,192	(118,975)
Charges for Services	87,265	87,265	236,071	(148,806)
Intergovernmental Revenues	107,237	107,237	694,103	(586,866)
Miscellaneous Revenues	125,885	256,073	171,745	84,328
Total Receipts, Budgetary Basis	<u>1,454,604</u>	<u>1,584,792</u>	<u>2,355,111</u>	<u>(770,319)</u>
Expenditures:				
District Attorney	8,907	8,907	8,407	500
Capital Outlay	17,000	17,000	15,547	1,453
Total District Attorney	<u>25,907</u>	<u>25,907</u>	<u>23,954</u>	<u>1,953</u>
County Sheriff	552,652	552,652	525,955	26,697
Total County Sheriff	<u>552,652</u>	<u>552,652</u>	<u>525,955</u>	<u>26,697</u>
County Treasurer	167,803	167,803	166,688	1,115
Total County Treasurer	<u>167,803</u>	<u>167,803</u>	<u>166,688</u>	<u>1,115</u>
County Commissioners	103,600	103,600	99,897	3,703
Total County Commissioners	<u>103,600</u>	<u>103,600</u>	<u>99,897</u>	<u>3,703</u>
OSU Extension	9,982	9,982	9,627	355
Total OSU Extension	<u>9,982</u>	<u>9,982</u>	<u>9,627</u>	<u>355</u>
County Clerk	158,184	158,184	132,088	26,096
Total County Clerk	<u>158,184</u>	<u>158,184</u>	<u>132,088</u>	<u>26,096</u>
Court Clerk	142,636	217,047	208,599	8,448
Total Court Clerk	<u>142,636</u>	<u>217,047</u>	<u>208,599</u>	<u>8,448</u>
County Assessor	144,790	144,790	136,622	8,168
Capital Outlay	1,000	1,000		1,000
Total County Assessor	<u>145,790</u>	<u>145,790</u>	<u>136,622</u>	<u>9,168</u>

continued on next page

The accompanying note to the other supplementary information is 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, 2009

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	119,500	119,500	107,909	11,591
Total Revaluation of Real Property	119,500	119,500	107,909	11,591
General Government	936,511	987,099	422,445	564,654
Capital Outlay	795,005	795,005	17,152	777,853
Total General Government	1,731,516	1,782,104	439,597	1,342,507
Excise-Equalization Board	5,000	5,000	2,579	2,421
Total Excise-Equalization Board	5,000	5,000	2,579	2,421
County Election Board	63,236	63,425	62,248	1,177
Capital Outlay	1,000	1,000		1,000
Total County Election Board	64,236	64,425	62,248	2,177
County Purchasing Agent	35,652	35,652	35,258	394
Total County Purchasing Agent	35,652	35,652	35,258	394
Data Processing	4,000	4,000	3,319	681
Total Data Processing	4,000	4,000	3,319	681
Welfare Agencies	2,000	2,000		2,000
Total Welfare Agencies	2,000	2,000	-	2,000
Charity	2,000	2,000		2,000
Total Charity	2,000	2,000	-	2,000
Recording Account	10,000	10,000	9,806	194
Total Recording Account	10,000	10,000	9,806	194
Civil Defense	23,600	28,600	24,069	4,531
Capital Outlay	725	725	696	29
Total Civil Defense	24,325	29,325	24,765	4,560
911 Enhanced	21,100	21,100	18,256	2,844
Capital Outlay	2,000	2,000		2,000
Total 911 Enhanced	23,100	23,100	18,256	4,844
Soil Conservation District	750	750	747	3
Total Soil Conservation District	750	750	747	3

The accompanying note to the other supplementary information is 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, 2009**

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
County Audit Budget Account	<u>12,148</u>	<u>12,148</u>	<u>12,148</u>	<u></u>
Total County Audit Budget Account	<u>12,148</u>	<u>12,148</u>	<u>12,148</u>	<u>-</u>
 Total Expenditures, Budgetary Basis	 <u>3,340,781</u>	 <u>3,470,969</u>	 <u>2,020,062</u>	 <u>1,450,907</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 <u>\$ -</u>	 2,244,249	 <u>\$ 2,244,249</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Warrants Estopped			53	
Add: Current Year Encumbrances			38,328	
Add: Current Year Outstanding Warrants			<u>74,179</u>	
Ending Cash Balance			<u>\$ 2,356,809</u>	

The accompanying note to the other supplementary information is 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—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 293,742	\$ 293,742	\$ 293,742	\$ -
Less: Prior Year Outstanding Warrants	(25,939)	(25,939)	(25,939)	
Less: Prior Year Encumbrances	(14,812)	(14,812)	(14,812)	
Beginning Cash Balances, Budgetary Basis	<u>252,991</u>	<u>252,991</u>	<u>252,991</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	226,402	226,402	250,115	23,713
Charges for Services		123,994	136,662	12,668
Intergovernmental			610	610
Miscellaneous Revenues				
Total Receipts, Budgetary Basis	<u>226,402</u>	<u>350,396</u>	<u>387,387</u>	<u>36,991</u>
Expenditures:				
Health and Welfare	309,991	533,985	458,645	75,340
Capital Outlay	169,402	69,402	584	68,818
Total Expenditures, Budgetary Basis	<u>479,393</u>	<u>603,387</u>	<u>459,229</u>	<u>144,158</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	181,149	<u>\$ 181,149</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			71,069	
Add: Current Year Outstanding Warrants			7,097	
Ending Cash Balance			<u>\$ 259,315</u>	

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

**KINGFISHER COUNTY, OKLAHOMA
NOTE TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Budgetary Schedules

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

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

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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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, 2009, 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 April 11, 2011. 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 Kingfisher County's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. (2009-1) 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.

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*.

Kingfisher County's response to the finding identified in our audit is 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 management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

April 11, 2011

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 2009-1—Encumbrance of Purchase Orders (Repeat Finding)

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 in part:

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: During our procedures performed, in testing 30 purchase orders, there were 3 instances noted in which goods or services were received prior to funds being encumbered in the Kingfisher County Free Fair Renovation Project Fund, Highway Fund, and the General Fund.

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

Recommendation: We recommend that 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: We concur with the Auditor's comments and are implementing the following procedural changes:

All departments have been notified of their department having purchases before encumbering and were informed of the importance in accordance per 62 O.S. paragraph 310.1 to prepare and forward to the purchasing agent, the purchase order, so that funds are encumbered for all purchases before any partial or actual services are performed. We will also issue more blanket purchase orders as recommended.

Kingfisher County Officers have primary responsibilities in the areas addressed by these comments and agree that the comments are correct and also agree to take action as noted in the response.



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