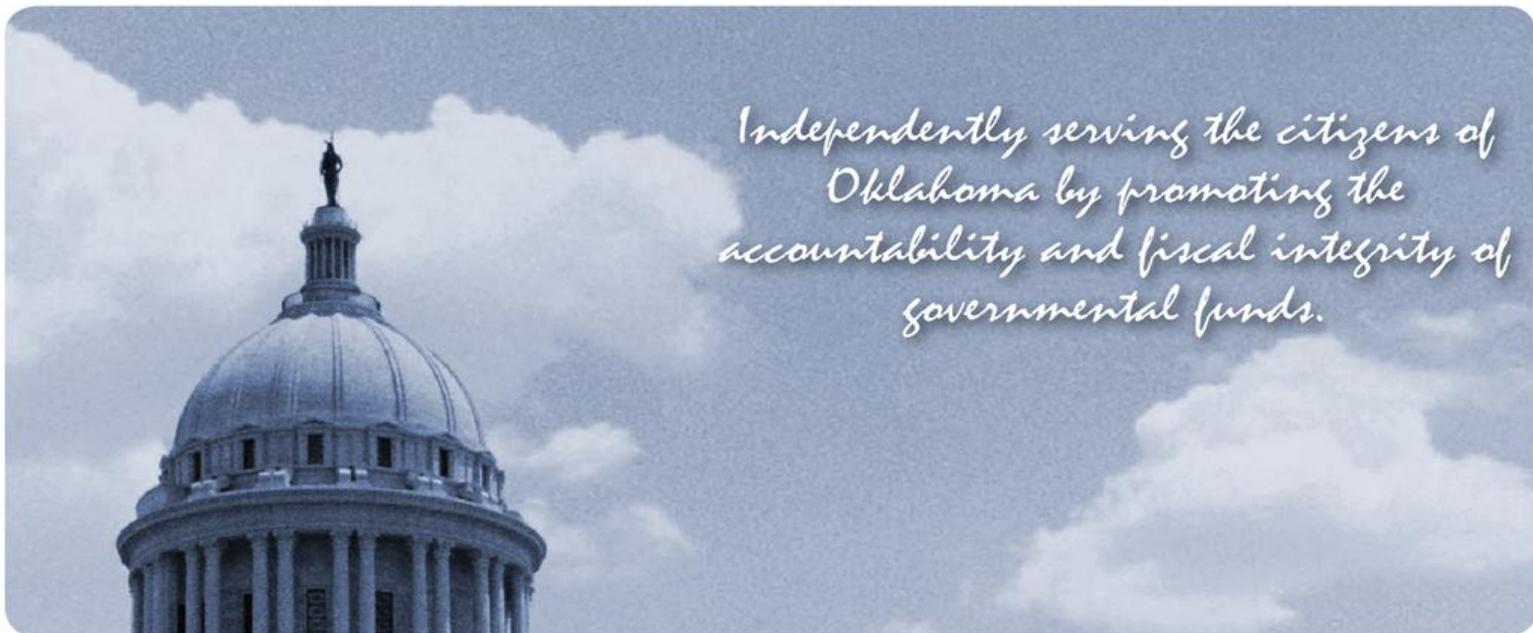


COUNTY AUDIT

KINGFISHER COUNTY

For the fiscal year ended June 30, 2012



*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, 2012**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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

October 14, 2015

TO THE CITIZENS OF
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma for the fiscal year ended June 30, 2012. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

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

**KINGFISHER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**KINGFISHER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

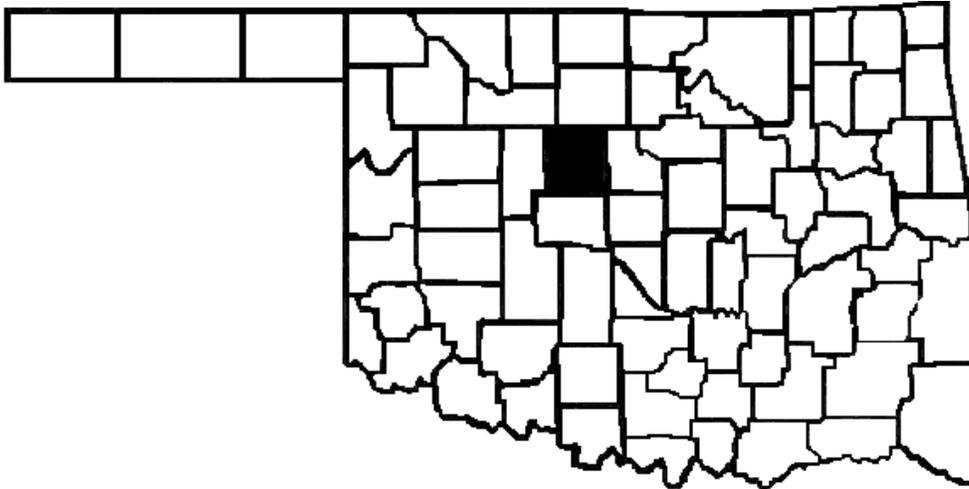
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**KINGFISHER COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



Kingfisher County was originally a part of the Unassigned Lands opened for settlement during the Land Run on 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, also the name of the county seat, 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. The Chisholm Trail Museum, located directly on the Chisholm Trail in Kingfisher, traces the history of the trail and features Indian artifacts, a restored log cabin, school house, church, and bank.

At one time, oil production in the Cashion area, Dover Field, and East Columbia Field was of significant economic importance. Today, agriculture is central to the economy of the area, with wheat being the major crop.

Annual events include living history on the Chisholm Trail with fifty encampments in March, Pat Hennessey Days during late August, PRCA sanctioned rodeo in June, Chisholm Trail Museum Barbecue on April 22, German Fest at Okarche in October, and Kingfisher in Lights at Oklahoma Park opening the Saturday after Thanksgiving and running until December 30. For additional information, call the County Clerk's office at 405/375-3887.

County Seat – Kingfisher

Area – 905.96 Square Miles

County Population – 14,348
(2009 est.)

Farms – 1,002

Land in Farms – 566,212 Acres

Primary Source: Oklahoma Almanac 2011-2012

**KINGFISHER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Board of County Commissioners

District 1 – Edward Wilczek
District 2 – Ray Shimanek
District 3 – Keith Schroder

County Assessor

Eloise McCully

County Clerk

Teresa Wood

County Sheriff

Dennis L. Banther

County Treasurer

Karen Mueggenborg

Court Clerk

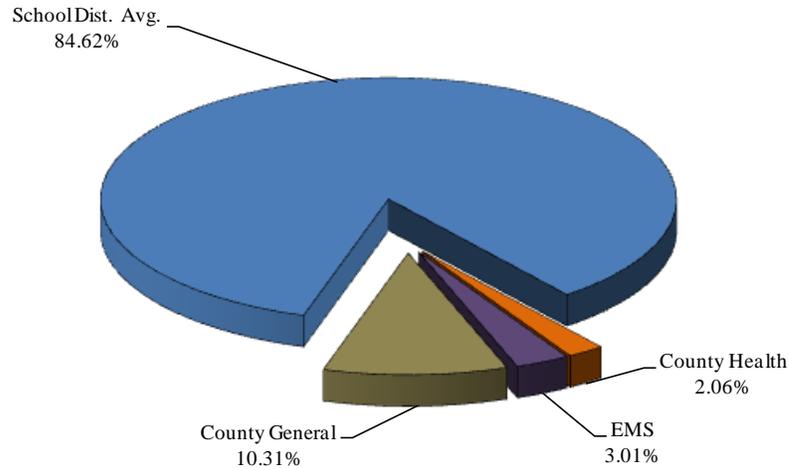
Lisa Markus

District Attorney

Mike Fields

**KINGFISHER COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

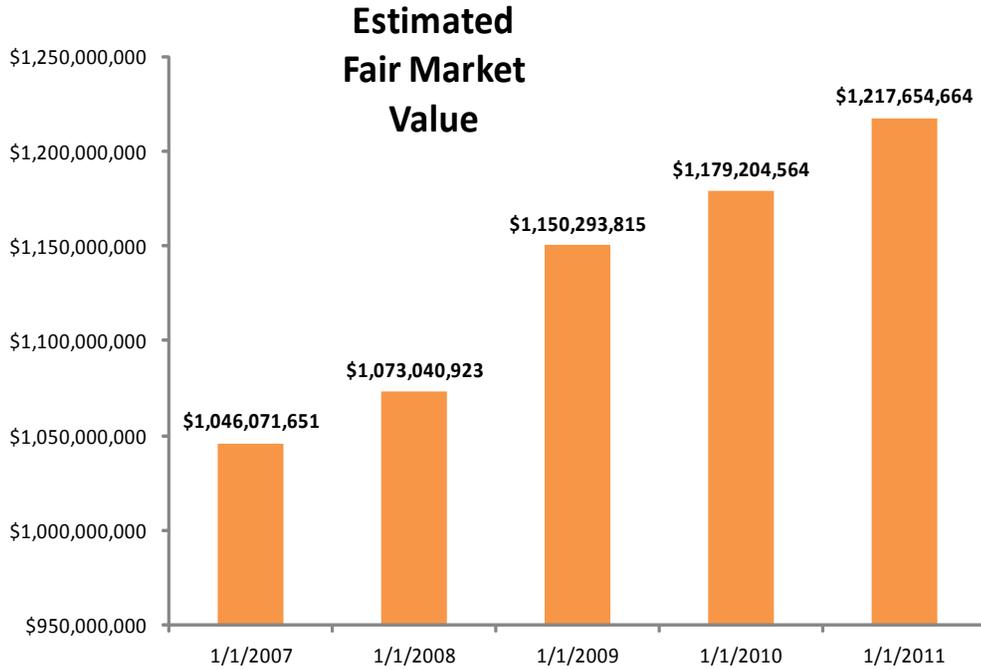
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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.	Common	EMS	Total	
County General	10.27									
County Health	2.05	Dover	I-2	35.99	5.14	17.28	-	4.11	-	62.52
EMS	3.00	Lomega/Kingfisher	Jl-3	35.93	5.13	11.66	10.15	4.11	-	66.98
		Kingfisher	I-7	36.04	5.15	17.75	10.15	4.11	-	73.20
		Hennessey/Kingfisher	Jl-16	35.94	5.13	24.57	-	4.11	-	69.75
		Cashion/Kingfisher	Jl-89	35.49	5.07	18.72	-	4.11	-	63.39
		Okarche/Kingfisher	Jl-105	36.19	5.17	22.93	-	4.11	-	68.40
		Okeene	9-B	35.72	5.10	19.51	-	4.11	-	64.44
		Drummond	I-85	35.67	5.10	24.74	-	4.11	-	69.62
		Crescent	Jl-2	36.27	5.18	10.87	5.36	4.11	3.11	64.90
		Piedmont	J-22	35.23	5.03	31.71	10.07	4.11	-	86.15
		Cimarron	I-92	35.00	5.00	10.25	10.22	4.11	-	64.58
Marshall-Covington	I-94	35.88	5.13	10.48	10.22	4.11	-	65.82		

**KINGFISHER COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

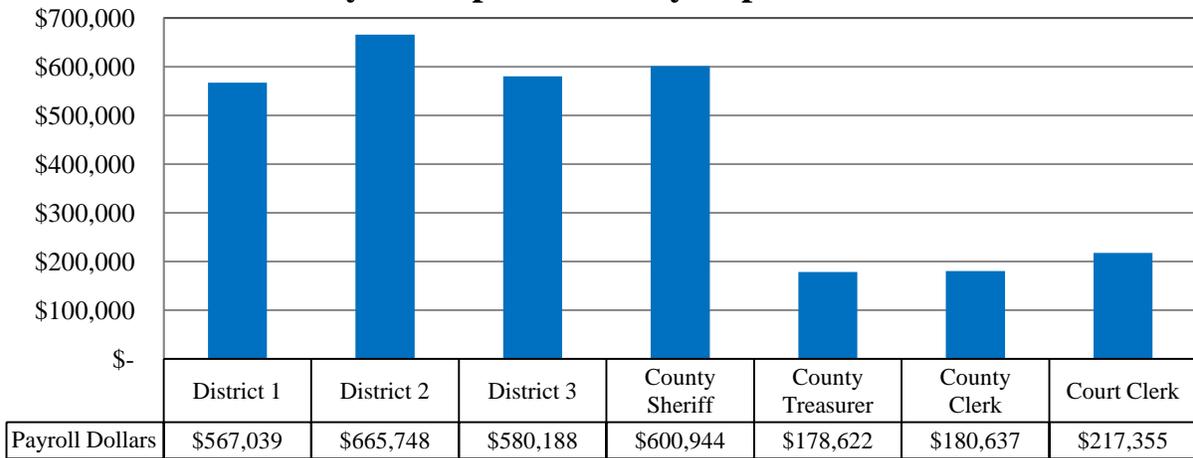
Valuation Date	Personal	Public Service	Real Estate	Total Exemption	Net Value	Estimated Fair Market Value
1/1/2011	\$37,193,200	\$29,092,048	\$78,483,469	\$3,241,093	\$141,527,624	\$1,217,654,664
1/1/2010	\$36,312,800	\$25,742,410	\$76,897,217	\$3,275,308	\$135,677,119	\$1,179,204,564
1/1/2009	\$36,413,697	\$24,735,334	\$74,109,586	\$3,280,315	\$131,978,302	\$1,150,293,815
1/1/2008	\$33,219,420	\$20,185,065	\$71,400,607	\$3,321,316	\$121,483,776	\$1,073,040,923
1/1/2007	\$32,558,836	\$23,488,836	\$67,508,744	\$3,285,965	\$120,270,451	\$1,046,071,651



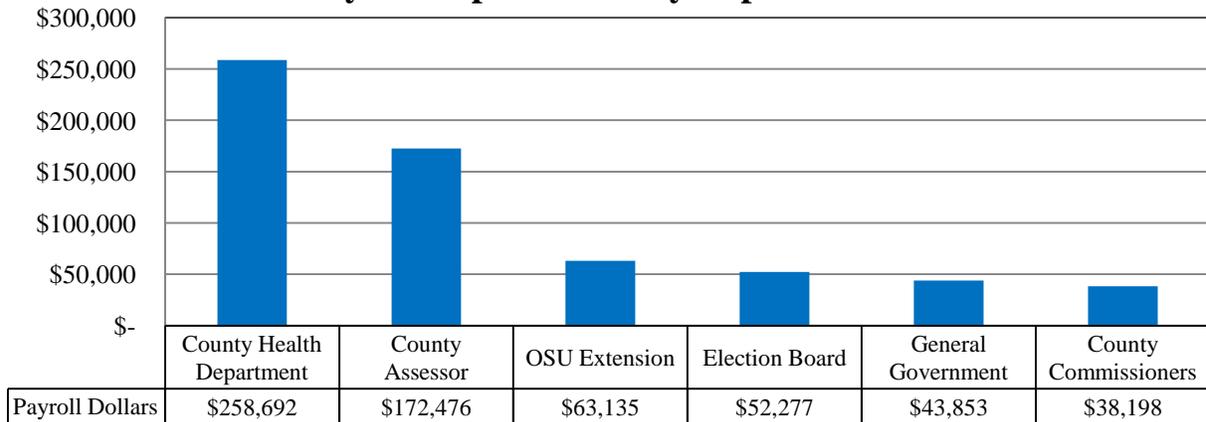
**KINGFISHER COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2012.

Payroll Expenditures by Department



Payroll Expenditures by Department



**KINGFISHER COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County General Fund

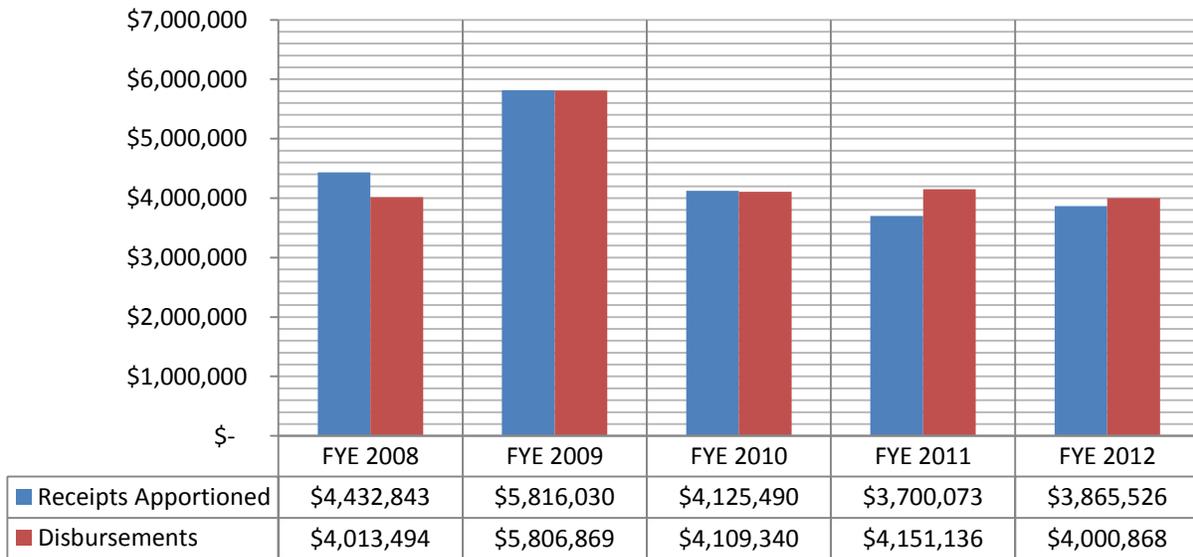
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.



**KINGFISHER COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



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 total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2012, listed in the table of contents as the financial statement. This financial statement is the responsibility of Kingfisher County's management. Our responsibility is to express an opinion on the combined total—all county funds 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 differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects 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, 2012, 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 balances for all county funds of Kingfisher County, for the year ended June 30, 2012, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, 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 county funds on the financial statement. 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 financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the combined total—all county funds on the regulatory basis Statement of Receipts, Disbursements and Changes in Cash Balances and, in our opinion, is fairly stated, in all material respects, in relation to the combined total—all county funds. 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

October 13, 2015

REGULATORY BASIS FINANCIAL STATEMENT

KINGFISHER COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning Cash Balances July 1, 2011	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2012
Combining Information:						
Major Funds:						
County General Fund	\$ 2,896,993	\$ 2,289,782	\$ -	\$ 100	\$ 2,289,062	\$ 2,897,613
County Highway Cash Fund	2,169,389	3,865,526	221,169	34,725	4,000,868	2,220,491
County Bridge and Road Improvement	910,692	402,999	34,725	221,169	203,405	923,842
County Health Department Fund	380,126	471,756	-	-	437,898	413,984
1/2 Cent Sales Tax Fund	1,692,035	1,173,309	-	-	1,041,958	1,823,386
Free Fair Sales Tax Fund	328,879	372,922	-	-	44,458	657,343
Fire Department Sales Tax Fund	544,249	606,106	-	-	399,664	750,691
Remaining Aggregate Funds	1,284,955	625,868	347	-	360,630	1,550,540
Combined Total - All County Funds, As Restated	\$ 10,207,318	\$ 9,808,268	\$ 256,241	255,994	\$ 8,777,943	11,237,890

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, 2012**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

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

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

County Bridge and Road Improvement – accounts for state receipts and disbursements are for the purpose of maintaining bridges and roads.

County Health Department Fund – accounts for monies collected for charges for services and ad valorem taxes expended for operations of the county health department.

½ Cent Sales Tax Fund – accounts for the ½% sales tax collected and spent in accordance with the ballot specifications.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Free Fair Sales Tax Fund – accounts for the ¼% sales tax collected and spent on behalf of the Kingfisher County Free Fair Board.

Fire Department Sales Tax Fund – accounts for the ¼% sales tax collected and spent on behalf of rural and municipal fire departments.

C. Basis of Accounting

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

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

D. Budget

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

E. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County’s deposits. The amount of collateral securities to be

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

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

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

3. Other Information

A. Pension Plan

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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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.

D. Sales Tax

The voters of Kingfisher County approved a five (5) year one-fourth of one percent (1/4%) sales tax effective November 1, 2006 to fund the Kingfisher County Free Fair Board. These funds are accounted for in the Free Fair Sales Tax Fund.

The voters of Kingfisher County approved a ten (10) year one-fourth of one percent (1/4%) sales tax effective January 1, 2008 to benefit the rural and municipal fire departments. These funds are accounted for in the Fire Department Sales Tax Fund.

The voters of Kingfisher County approved a five (5) year one-half of one percent (1/2%) sales tax effective July 1, 2011 for the following purposes: Resurfacing roads (29%); Rural Fire Departments (13%); OSU Extension and 4-H (9%); Free Fair (10%) Chisholm Trail Museum (5%); Hennessey and Kingfisher Libraries (3%); General County Government (16%); and County Sheriff (15%). These funds are accounted for in the 1/2 Cent Sales Tax Fund.

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

E. Interfund Transfers

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

- \$100 was transferred from the County General Fund to create the new County Clerk's Cash fund. The \$100 is used to make change in the County Clerk's office.
- \$247 was transferred from Excess Resale Fund to Resale Property fund in accordance with 68 O.S. § 3131. The Excess Resale Fund is not presented as a county fund.
- \$34,725 was transferred from the County Highway Cash Fund to the County Bridge and Road Improvement fund for bridge and road projects.
- \$221,169 was transferred from the County Bridge and Road Improvement fund to the County Highway Cash Fund to reimburse the County Highway Cash Fund for bridge and road projects.

F. Restatement of Beginning Balance

Due to the reclassification of funds for fiscal year ending June 30, 2012, the beginning balance as reported is different than the June 30, 2011 ending balance. The difference is due to the Animal Welfare Fund being reported as a trust and agency that should have been county funds resulting in an increase of \$1,113.

Prior year ending balance, as reported	\$10,206,205
Fund reclassified to County Funds	<u>1,113</u>
Prior year ending balance, as restated	<u>\$10,207,318</u>

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, 2012

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,896,962	\$ 2,896,993	\$ 31
Less: Prior Year Outstanding Warrants	(111,040)	(111,040)	-
Less: Prior Year Encumbrances	(54,199)	(22,811)	31,388
Beginning Cash Balances, Budgetary Basis	2,731,723	2,763,142	31,419
Receipts:			
Ad Valorem Taxes	1,321,353	1,452,113	130,760
Charges for Services	77,194	278,122	200,928
Intergovernmental Revenues	121,349	402,602	281,253
Miscellaneous Revenues	109,230	156,945	47,715
Total Receipts, Budgetary Basis	1,629,126	2,289,782	660,656
Expenditures:			
District Attorney	11,058	9,552	1,506
County Sheriff	582,620	578,236	4,384
County Treasurer	180,135	180,080	55
County Commissioners	114,000	107,061	6,939
County Clerk	170,197	151,533	18,664
Court Clerk	257,618	224,600	33,018
County Assessor	146,087	136,033	10,054
Revaluation of Real Property	113,643	90,066	23,577
General Government	2,598,579	648,170	1,950,409
Excise-Equalization Board	4,750	2,602	2,148
County Election Board	70,171	64,355	5,816
County Purchasing Agent	38,738	38,714	24
Data Processing	3,800	3,416	384
Charity	2,000	600	1,400
Recording Account	8,000	8,000	-
Civil Defense	45,301	41,158	4,143
County Audit Budget Account	14,152	14,152	-
Total Expenditures, Budgetary Basis	4,360,849	2,298,328	2,062,521
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	2,754,596	\$ 2,754,596
Operating Transfers		(100)	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		69,403	
Add: Current Year Reserves		73,714	
Ending Cash Balance		\$ 2,897,613	

**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, 2012**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 380,125	\$ 380,126	\$ 1
Less: Prior Year Outstanding Warrants	(30,258)	(30,258)	-
Less: Prior Year Encumbrances	(38,637)	(36,920)	1,717
Beginning Cash Balances, Budgetary Basis	311,230	312,948	1,718
Receipts:			
Ad Valorem Taxes	263,756	289,743	25,987
Charges for Services	62,389	181,090	118,701
Intergovernmental	-	923	923
Total Receipts, Budgetary Basis	326,145	471,756	145,611
Expenditures:			
Health and Welfare	637,375	459,380	177,995
Total Expenditures, Budgetary Basis	637,375	459,380	177,995
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	325,324	\$ 325,324
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		325	
Add: Current Year Reserves		63,731	
Add: Current Year Outstanding Warrants		24,604	
Ending Cash Balance		\$ 413,984	

KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning Cash Balances July 1, 2011	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2012
Remaining Aggregate Funds:						
Kingfisher LEPC Grant	\$ 6,496	\$ 2,642	\$ -	\$ -	\$ -	\$ 9,138
Kingfisher LEPC Filing Fees	5,130	-	-	-	2,816	2,314
Resale Property	81,004	51,497	247	-	51,884	80,864
Sheriff Service Fee	154,944	131,122	-	-	118,320	167,746
County Clerk Lien Fee	78,595	45,230	-	-	2,217	121,608
County Treasurer Mortgage Tax Certification	6,106	3,135	-	-	2,709	6,532
Sheriff Prisoner Revolving	68,557	92,298	-	-	96,595	64,260
Assessor Visual Inspection Fee	31,874	5,894	-	-	3,753	34,015
Animal Welfare Fund	1,113	-	-	-	-	1,113
County Clerk Records Preservation Fee	48,483	47,599	-	-	21,770	74,312
Resale Cash in Treasurer Office	825	-	-	-	-	825
County Clerk Cash	-	-	100	-	-	100
911 Emergency Fund	801,828	246,451	-	-	60,566	987,713
Combined Total - Remaining Aggregate Funds	\$ 1,284,955	\$ 625,868	\$ 347	\$ -	\$ 360,630	\$ 1,550,540

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. 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.

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

Kingfisher LEPC Grant – accounts for grant monies received for grants awarded for emergency services within the County.

Kingfisher LEPC Filing Fees – accounts for a twenty dollar fee collected from oil companies for a tier report that shows chemicals on site and is disbursed for training, supplies and operations.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and disbursed for training.

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

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

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

Sheriff Prisoner Revolving – accounts for collections from the Department of Corrections for the housing of inmates.

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

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed in the County Clerk’s office as restricted by statute for preservation of records.

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

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

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

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, 2012, 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 October 13, 2015. 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. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2012, on the basis of accounting prescribed by Oklahoma state law, described in Note 1. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting. 2012-1 and 2012-4.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. 2012-5.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-4.

We noted a certain matter regarding statutory compliance that we reported to the management of Kingfisher County, which is included in Section 2 of the schedule of findings and responses contained in this report.

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

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.



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

October 13, 2015

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012-1 – Inadequate County Wide Controls (Repeat Finding)

Condition: County-wide controls regarding Risk Management and Monitoring have not been designed.

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

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

All Officers: We will meet monthly to discuss county-wide controls and monitoring the County.

Criteria: Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding 2012-4 – Inadequate Internal Controls and Noncompliance Over the Purchasing Process (Repeat Finding)

Condition: Upon inquiry and observation of the County’s purchasing process, and the test of fifty-nine purchase orders, we determined that six of the purchase orders selected were not encumbered prior to receiving goods or services, and three of the six items did not have receiving reports attached as noted below:

Purchase Order Number	Warrant Number	Warrant Date	Fund	Purpose	Amount
3286	65	4/2/2012	½ Cent Sales Tax Fund	911 Partial Payment	\$35,000.00*
621	1	8/15/2011	County Highway Cash Fund	Road Plans	\$18,900.00
3285	1332	4/2/2012	County General Fund	Partial Payment	\$38,662.00*
574	20	8/15/2011	Sheriff Service Fee	Sheriff Supplies	\$931.57
2830	255	2/21/2012	Fire Department Sales Tax Fund	Hennessey Fire Truck	\$138,604.73*
2831	801	2/21/2012	Fire Department Sales Tax Fund	Hennessey Fire Truck	\$51,395.27

* The receiving report was not attached to the purchase order.

Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls over purchasing procedures. Compliance with purchasing laws has not been adhered to with regard to encumbering purchase orders and receiving goods and services.

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

Recommendation: OSAI recommends the following in accordance with 19 O.S. § 1505C and § 1505E.

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of county funds should be supported with invoices and receiving reports.

Management Response:

County Clerk, District 1 Commissioner, District 2 Commissioner, and District 3 Commissioner: We will prepare purchasing documentation with statutes to send to individuals that are directly involved in the purchasing process, have them sign the documentation as acknowledgement of understanding, and return it to the County Clerk.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions, and safeguarding assets from misappropriation.

Finding 2012-5 – Inadequate Internal Controls and Noncompliance Over the Bidding Process (Repeat Finding)

Condition: Based on inquiry of County officials and staff, observation of the bidding process, and review of the BOCC minutes, we noted the following weaknesses and noncompliance.

- Six and twelve month bids were awarded to all vendors that submitted a bid. The language in the BOCC minutes reflected that these bids were awarded to all vendors based on lowest to highest bid and based on availability; however, the lowest or best vendor was not selected, nor was the vendor selected based on availability.
- One instance was noted, where the BOCC accepted all bids submitted.

Bid Open Date	Item(s)	Published Date	Vendor Awarded Bid	Bid Price
11/24/2011	Road & Bridge Materials	10/31/2011	Hoskins Gypsum US Gypsum Road Const. Spec.	\$5.50/5.00 \$5.75/5.00 \$6.25/6.25

- One instance was noted, where the lowest bid was not accepted, and the reason was not noted in the BOCC minutes.

Bid Open Date	Item(s)	Published Date	Vendor Awarded Bid	Bid Price
07/05/2011	1 or more used 2005 or newer Semi-Tractor Truck	07/21/2011	Cummins Equipment	\$68,500

- One instance was noted, where the only bid received did not appear to have been opened; however, the BOCC minutes reflected that this bid was awarded to the vendor in the amount of \$35,400.00.

Bid Open Date	Item(s)	Published Date	Vendor Awarded Bid	Bid Price
08/31/2011	4 – 14' Ceiling Fans	09/09/2011	Ducote Air Heat & Electric	Unopened

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with 19 O.S. § 1505(B), which requires that counties award bids to the lowest and best

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

bidders. Further, the County did not comply with 19 O.S. § 1501(A)(3)(j), which allows counties to accept all bids only for processed native materials for road and bridge improvements.

Effect of Condition: These conditions resulted in noncompliance with state statutes regarding the awarding of bids. As a result, the County may not have obtained the best prices for road projects or for materials purchased from the commonly-used goods bid lists. Additionally, in the case of the disbursement for ceiling fans, a vendor was awarded a project for which the bid had not been reviewed and accepted.

Recommendation: OSAI recommends the County discontinue its practice of accepting all bids for services or for commonly-used goods that are not processed native materials for road or bridge improvements and award the contract to the lowest and best bidder. County officials should clearly document the reason for not awarding a bid to the lowest bidder.

Management Response:

County Clerk, District 1 Commissioner, District 2 Commissioner, and District 3 Commissioner: We will award six month bids to one vendor based on lowest or best bid. If the vendor cannot provide the product, then we will go into open meeting to obtain the items from the next vendor that can provide the product.

Criteria: Best business practices would include soliciting bids from vendors with the goal of obtaining quality goods and/or services for the best price.

When counties purchase “needed or commonly [-] used supplies, materials, [or] equipment,” 19 O.S. § 1505(B) requires the counties to solicit bids, compare them to the state contract price for the items, and select “the lowest and best bid based upon, if applicable, the availability of material and transportation cost to the job site within 30 days,” specifying the reason “any time the lowest bid was not considered to be the lowest and best bid.”

When counties purchase “processed native materials for road and bridge improvements,” 19 O.S. § 1501(A)(3)(j) requires the counties to solicit bids but allows them to accept all bids received, with the lowest and best bid from those accepted to be selected based upon availability, bid price, plus transportation costs at the time of opening of any construction project.” OSAI would note the distinction between the terms “accept” and “award.” A decision to accept a bid is based upon it meeting certain bid specifications and, thus, is determined to be a qualified bid. The statutory guidance to award a bid is to identify the lone bidder who best meets the “lowest and best bid” criteria to the exclusion of all other bidders.

Further, 19 O.S. § 1505(B)(5) outlines the procedures to follow when the low bidder cannot fulfill a county bid contract. The statute states in part, “If a vendor who is the low bidder cannot or will not sell goods or services as required by a county bid contract, the county purchasing agent may purchase from the next low bidder or take quotations as

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

provided in paragraph 6 of this subsection, *provided, however, such purchase does not exceed Ten Thousand Dollars (\$10,000.00).*”

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

Finding 2012-7 – Inadequate Segregation of Duties Over Court Fund and Court Clerk Revolving Fund Expenditures (Repeat Finding)

Condition: Upon inquiry, it was determined that the Court Clerk prepares and approves the claims, orders the items, prepares the vouchers, takes the vouchers to the Treasurer’s office for registration, and distributes the vouchers for the Court Fund expenditures. Additionally, it was determined that the Court Clerk prepares and approves the claims, orders the items, prepares the vouchers, takes the vouchers to the Treasurer’s office for registration, and distributes the vouchers for the Court Clerk Revolving Fund expenditures.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure segregation of duties over the Court Fund and Court Clerk Revolving Fund expenditure processes.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the Court Clerk design and implement procedures to ensure segregation of duties in the Court Fund and Revolving Fund expenditure processes.

Management Response:

Court Clerk: I will have the First Deputy prepare the claims. I will review the claims for accuracy and prepare the voucher for payment. I will have the Judge sign the claim. I will have a separate deputy receive the goods/services, review for accuracy and sign-off on the claim.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by the entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding the prevention and detection of error and/or fraud and to safeguard an entity’s assets from loss, damage, or misappropriation.



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