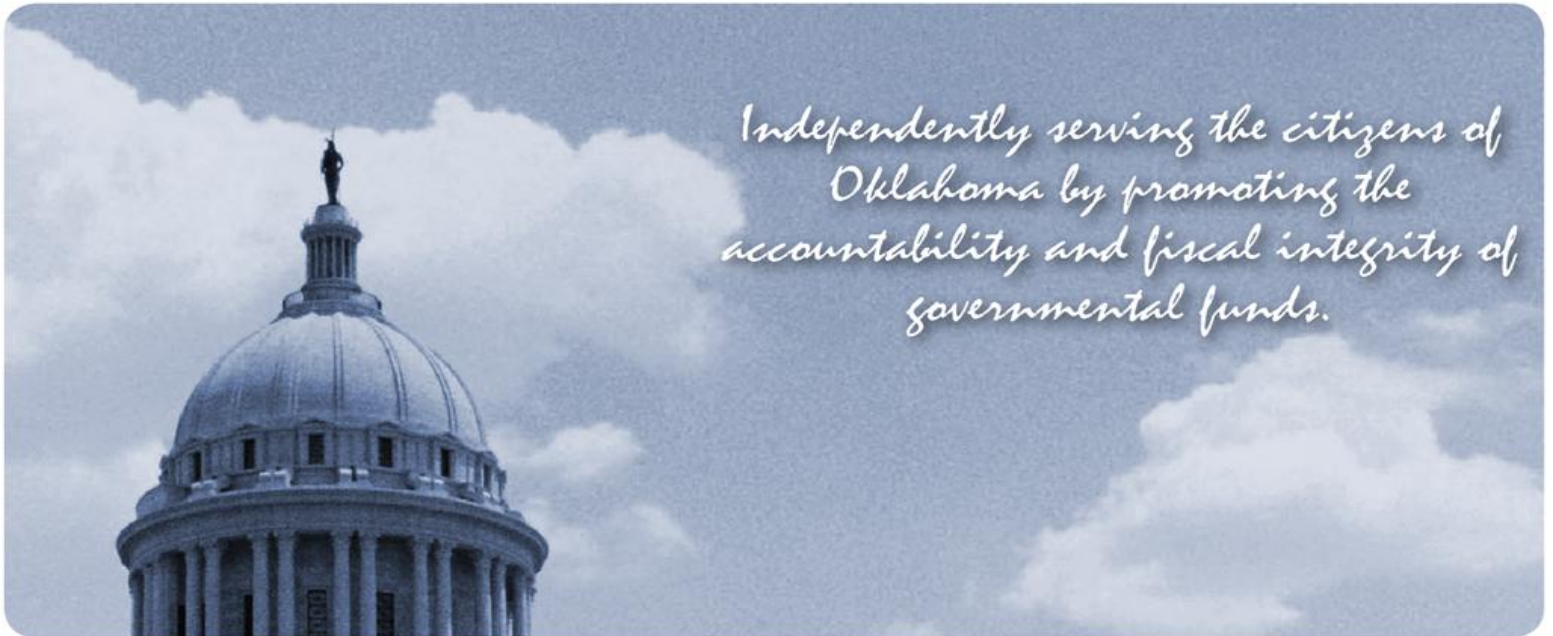


COUNTY AUDIT

KINGFISHER COUNTY

For the fiscal year ended June 30, 2013



*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, 2013**

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, 2013. 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, appearing to read "Gary A. Jones", is written over a horizontal line.

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

**KINGFISHER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**KINGFISHER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

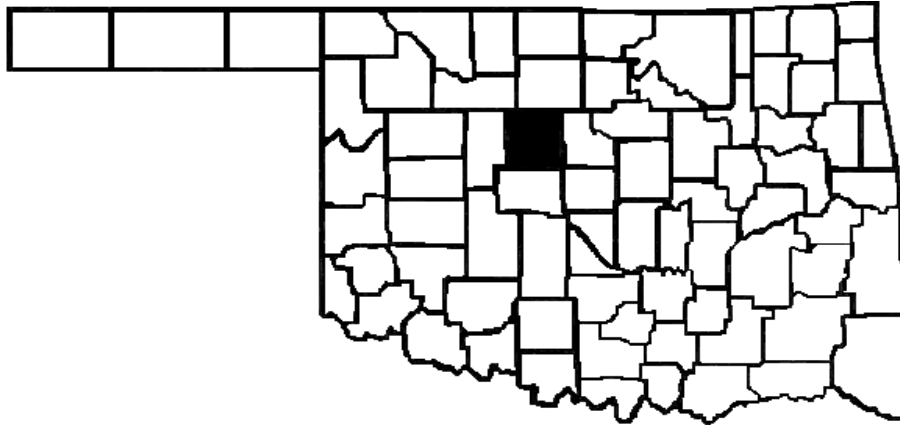
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**KINGFISHER COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



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 Barbeque 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 – 15,005
(2012 est.)

Farms – 1,002

Land in Farms – 566,212 Acres

Primary Source: Oklahoma Almanac 2013-2014

**KINGFISHER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

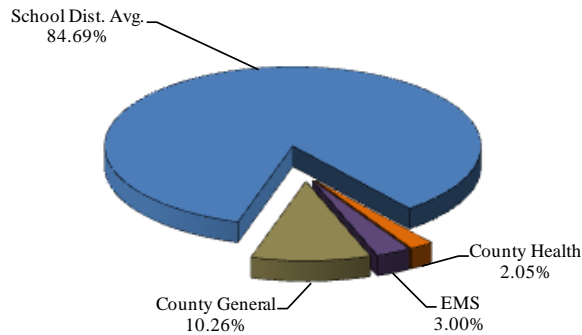
Lisa Markus

District Attorney

Mike Fields

**KINGFISHER COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

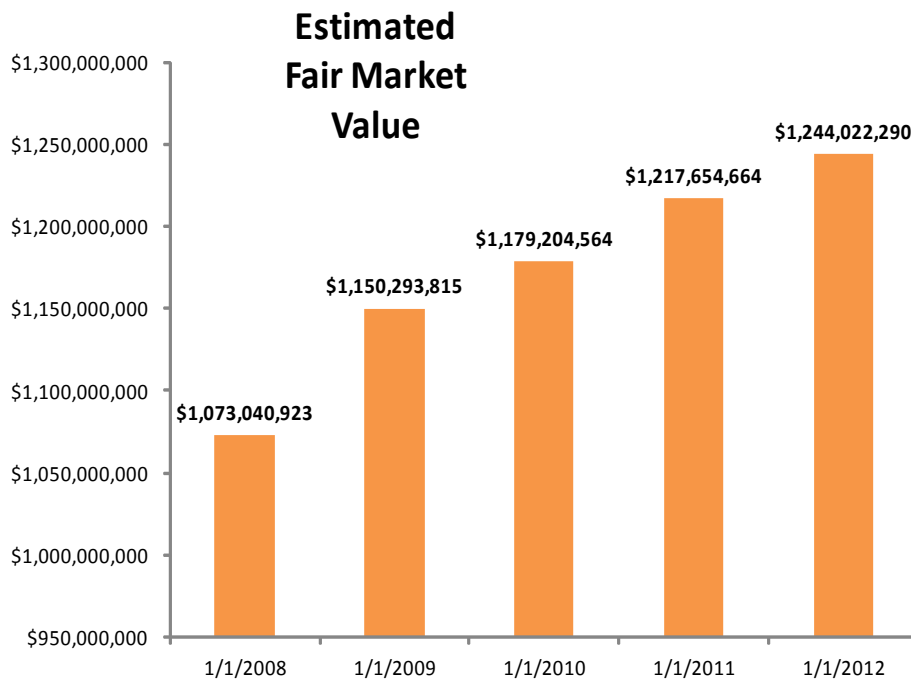
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Career			Total
							Tech	Common	EMS	
County General	10.27									
County Health	2.05	Dover	I-26	35.99	5.14	17.43	-	4.11	-	62.67
EMS	3.00	Lomega/Kingfisher	Jl-3	35.93	5.13	11.15	12.15	4.11	-	68.47
		Kingfisher	I-7	36.04	5.15	16.68	12.15	4.11	-	74.13
		Hennessey/Kingfisher	Jl-16	35.94	5.13	22.75	-	4.11	-	67.93
		Cashion/Kingfisher	Jl-89	35.49	5.07	18.35	-	4.11	-	63.02
		Okarche/Kingfisher	Jl-105	36.19	5.17	20.79	-	4.11	-	66.26
		Okeene	9-B	35.72	5.10	21.27	-	4.11	-	66.20
		Drummond	I-85	35.67	5.10	22.96	-	4.11	-	67.84
		Crescent	Jl-2	36.27	5.18	20.32	15.54	4.11	3.11	84.53
		Piedmont	J-22	35.23	5.03	34.15	15.10	4.11	-	93.62
		Cimmarron	I-92	35.00	5.00	10.12	15.31	4.11	-	69.54
Marshall/Covington	I-94	35.88	5.13	9.84	15.31	4.11	-	70.27		

**KINGFISHER COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

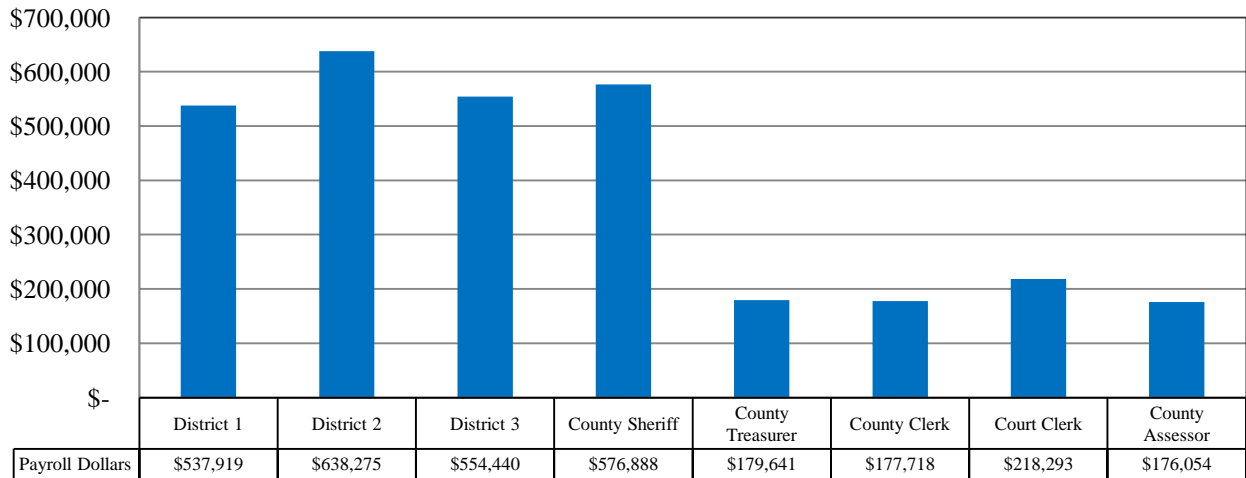
Valuation Date	Personal	Public Service	Real Estate	Total Exemptions	Net Value	Estimated Fair Market Value
1/1/2012	\$39,547,454	\$25,445,967	\$80,617,269	\$3,172,796	\$142,437,894	\$1,244,022,290
1/1/2011	\$37,193,200	\$29,092,048	\$78,483,469	\$3,241,093	\$141,527,624	\$1,217,654,664
1/1/2010	\$36,312,800	\$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



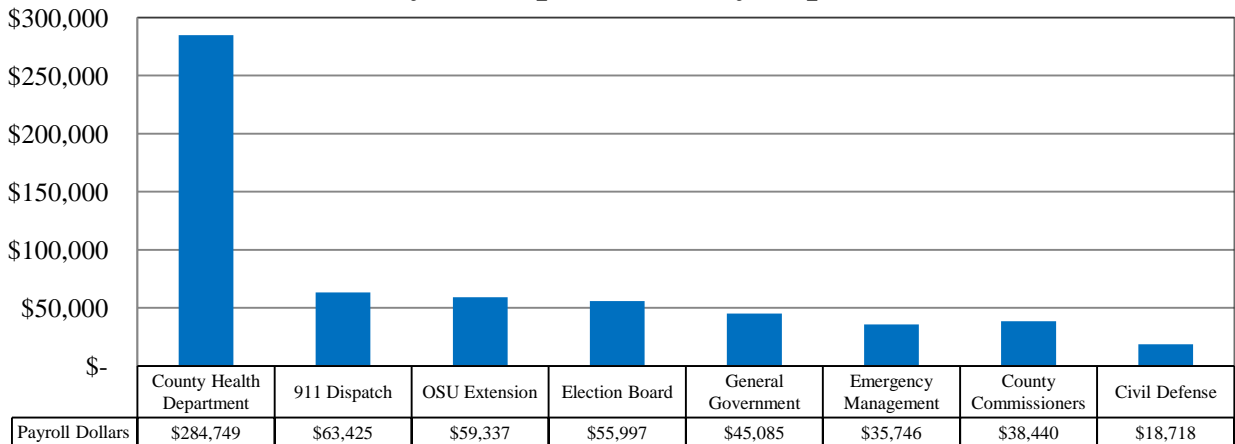
**KINGFISHER COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013.

Payroll Expenditures by Department



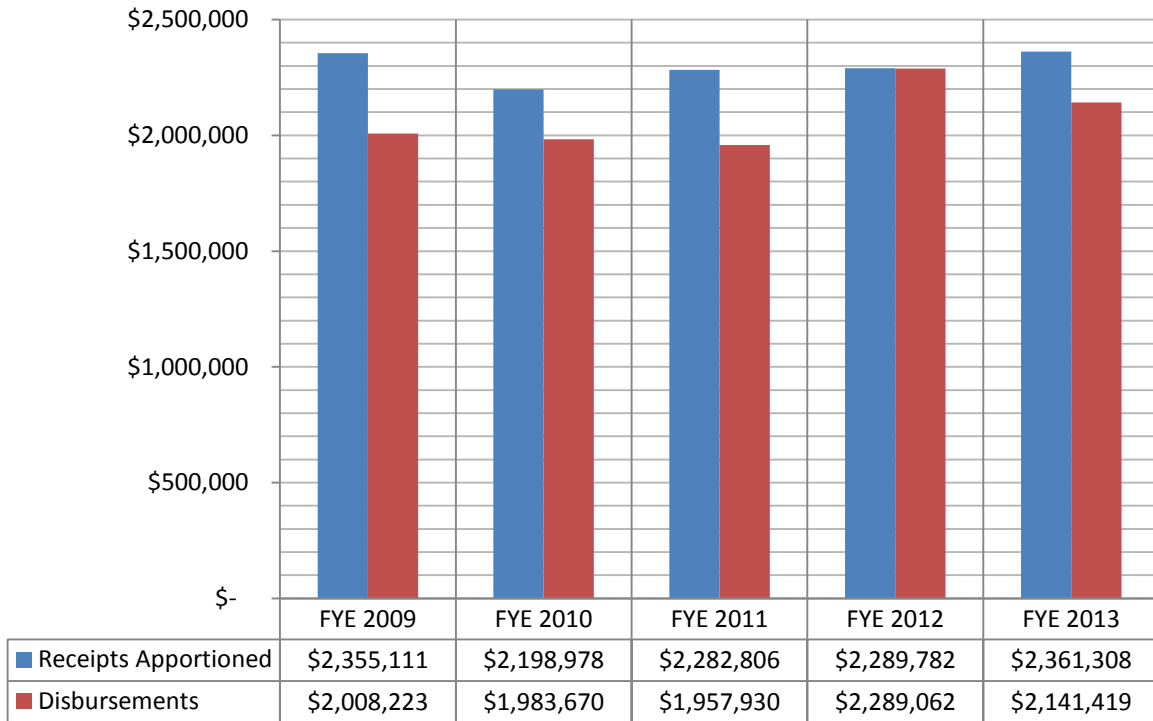
Payroll Expenditures by Department



**KINGFISHER COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

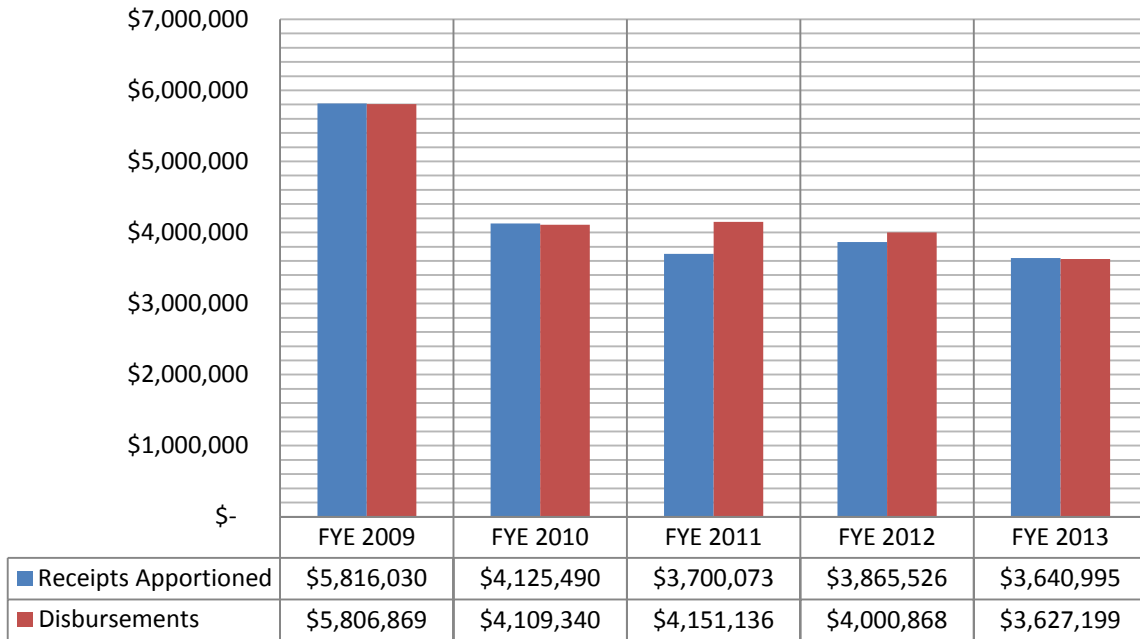
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also 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, 2013**

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

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2013, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Kingfisher County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kingfisher County as of June 30, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Kingfisher County, for the year ended June 30, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The 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.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, as listed in the table of contents, 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 subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

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 in considering Kingfisher County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combining Information:						
Major Funds:						
County General Fund	\$ 2,897,613	\$ 2,361,308	\$ -	\$ -	\$ 2,141,419	\$ 3,117,502
County Highway Cash Fund	2,220,491	3,640,995	26,600	-	3,627,199	2,260,887
County Bridge and Road Improvement	923,842	325,586	-	26,600	392,851	829,977
County Health Department Fund	413,984	424,335	-	-	492,766	345,553
1/2 Cent Sales Tax Fund	1,823,386	1,401,145	-	-	1,074,489	2,150,042
Free Fair Sales Tax Fund	657,343	-	-	-	166,867	490,476
Fire Department Sales Tax Fund	750,691	680,010	-	-	589,249	841,452
Remaining Aggregate Funds	1,550,540	605,693	-	-	513,128	1,643,105
Combined Total - All County Funds	<u>\$ 11,237,890</u>	<u>\$ 9,439,072</u>	<u>\$ 26,600</u>	<u>\$ 26,600</u>	<u>\$ 8,997,968</u>	<u>\$ 11,678,994</u>

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, 2013**

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, 2013**

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, 2013**

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, 2013**

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, 2013**

E. Interfund Transfer

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

- \$26,600 was transferred from the County Bridge and Road Improvement (CBRI) fund to the County Highway Cash Fund to reimburse the County Highway Cash Fund for bridge and road projects.

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, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,897,613	\$ 2,897,613	\$ -
Less: Prior Year Outstanding Warrants	(69,403)	(69,403)	-
Less: Prior Year Encumbrances	(73,714)	(31,433)	42,281
Beginning Cash Balances, Budgetary Basis	<u>2,754,496</u>	<u>2,796,777</u>	<u>42,281</u>
Receipts:			
Ad Valorem Taxes	1,329,852	1,462,679	132,827
Charges for Services	75,150	261,162	186,012
Intergovernmental Revenues	128,842	503,546	374,704
Miscellaneous Revenues	104,381	133,921	29,540
Total Receipts, Budgetary Basis	<u>1,638,225</u>	<u>2,361,308</u>	<u>723,083</u>
Expenditures:			
District Attorney	14,000	12,747	1,253
County Sheriff	594,184	584,637	9,547
County Treasurer	181,142	181,127	15
County Commissioners	116,000	105,871	10,129
County Clerk	171,907	153,825	18,082
Court Clerk	234,019	225,115	8,904
County Assessor	148,499	138,404	10,095
Revaluation of Real Property	114,105	93,340	20,765
General Government	2,634,125	517,127	2,116,998
Excise-Equalization Board	4,750	2,559	2,191
County Election Board	77,620	65,037	12,583
County Purchasing Agent	38,990	38,978	12
Data Processing	2,295	2,280	15
Charity	2,000	1,800	200
Recording Account	9,505	9,505	-
Civil Defense	35,336	26,448	8,888
County Audit Budget Account	14,244	-	14,244
Total Expenditures, Budgetary Basis	<u>4,392,721</u>	<u>2,158,800</u>	<u>2,233,921</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	2,999,285	<u>\$ 2,999,285</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		75,115	
Add: Current Year Reserves		43,102	
Ending Cash Balance		<u>\$ 3,117,502</u>	

**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, 2013**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 413,983	\$ 413,984	\$ 1
Less: Prior Year Outstanding Warrants	(24,604)	(24,604)	-
Less: Prior Year Encumbrances	(63,731)	(61,128)	2,603
Beginning Cash Balances, Budgetary Basis	325,648	328,252	2,604
Receipts:			
Ad Valorem Taxes	265,452	291,844	26,392
Charges for Services	-	131,471	131,471
Intergovernmental	-	1,020	1,020
Total Receipts, Budgetary Basis	265,452	424,335	158,883
Expenditures:			
Health and Welfare	591,100	530,196	60,904
Total Expenditures, Budgetary Basis	591,100	530,196	60,904
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	222,391	\$ 222,391
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		267	
Add: Current Year Reserves		117,308	
Add: Current Year Outstanding Warrants		5,587	
Ending Cash Balance		\$ 345,553	

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, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:				
Kingfisher LEPC Grant	\$ 9,138	\$ -	\$ 90	\$ 9,048
Kingfisher LEPC Filing Fees	2,314	59	22	2,351
Resale Property	80,864	81,758	61,752	100,870
Sheriff Service Fee	167,746	116,374	107,292	176,828
County Clerk Lien Fee	121,608	44,801	768	165,641
County Treasurer Mortgage Tax Certification	6,532	3,250	4,869	4,913
Sheriff Prisoner Revolving	64,260	56,229	95,784	24,705
Assessor Visual Inspection Fee	34,015	10,844	11,132	33,727
Animal Welfare Fund	1,113	-	-	1,113
County Clerk Records Preservation Fee	74,312	33,901	36,472	71,741
Resale Cash in Treasurer Office	825	-	-	825
County Clerk Cash	100	-	-	100
911 Emergency Fund	987,713	258,477	194,947	1,051,243
Combined Total - Remaining Aggregate Funds	\$ 1,550,540	\$ 605,693	\$ 513,128	\$ 1,643,105

**KINGFISHER COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

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

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

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

TO THE OFFICERS OF
KINGFISHER COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2013, which comprises Kingfisher County's 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 included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2013, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Kingfisher County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Kingfisher County's internal control. Accordingly, we do not express an opinion on the effectiveness of Kingfisher County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2013-1 and 2013-4.

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 described in the accompanying schedule of findings and responses to be a significant deficiency: 2013-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingfisher County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2013-4.

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 Findings

Kingfisher County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Kingfisher County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



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, 2013**

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 2013-1 – 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, 2013**

Finding 2013-4 – 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 sixty-one purchase orders, we determined that six of the purchase orders selected were not encumbered prior to receiving goods or services, and one of the six items was not charged to the proper period as noted below:

Purchase Order Number	Warrant Number	Warrant Date	Fund	Purpose	Amount
409	98	8/6/2012	Fire Department Sales Tax Fund	Omega Construction	\$32,000.00*
1955	755	12/26/2012	County Highway Cash Fund	District 1 Bridge Project	\$50,000.00
1257	4	10/15/2012	Free Fair Sales Tax Fund	Free Fair Construction	\$60,000.00
3378	503	4/29/2013	County General Fund	Chisholm Museum Building	\$20,131.45
3501	516	5/6/2013	Fire Department Sales Tax Fund	Kingfisher Fire Training	\$1,500.00
2945	79	3/18/2013	County Highway Cash Fund	Lease Purchase Payment	\$12,366.49

* Disbursement was not charged to the proper period.

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 charging the disbursement to the proper period.

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 .

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of county funds should be reported in the proper period.

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.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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 2013-5 – 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 weakness 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.

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 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.

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

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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 2013-7 – 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.

**KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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