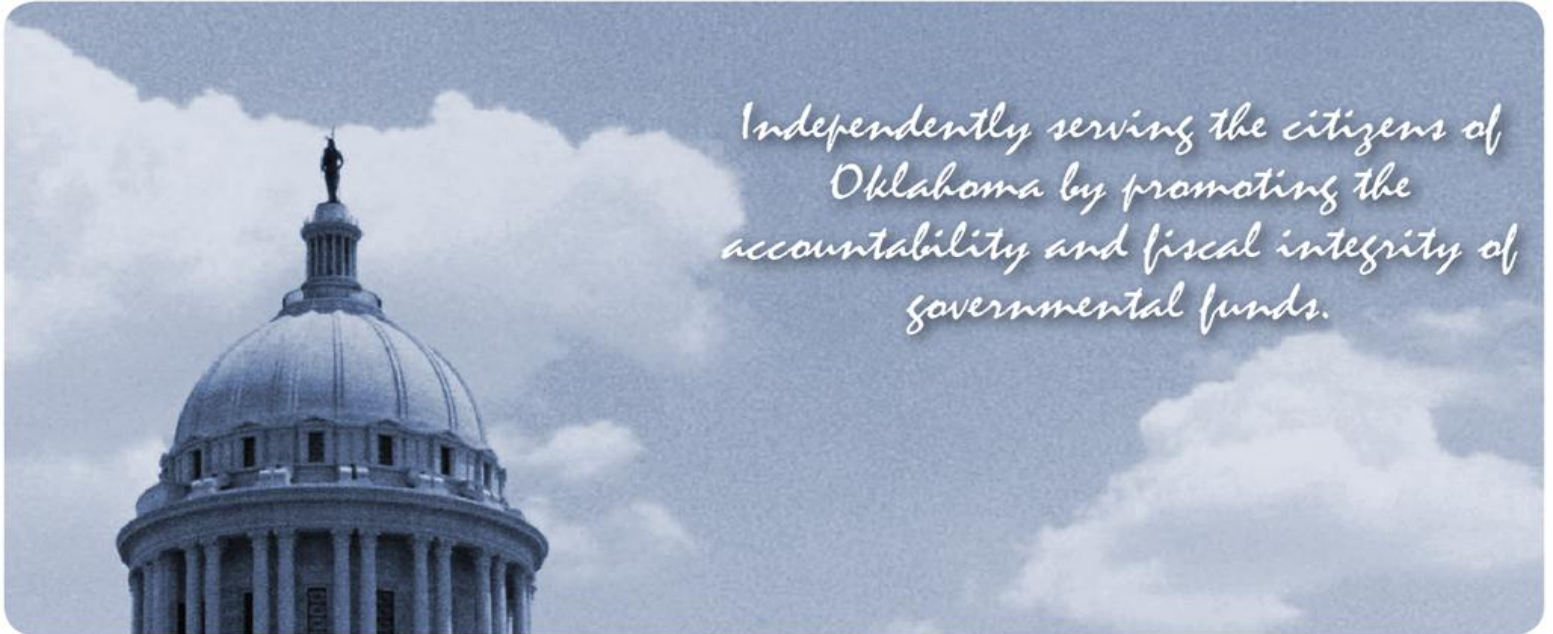


COUNTY AUDIT

# KINGFISHER COUNTY

For the fiscal year ended June 30, 2014



*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, 2014**

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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](http://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, 2014. 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".

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

**KINGFISHER COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**KINGFISHER COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INTERNAL CONTROL AND COMPLIANCE SECTION

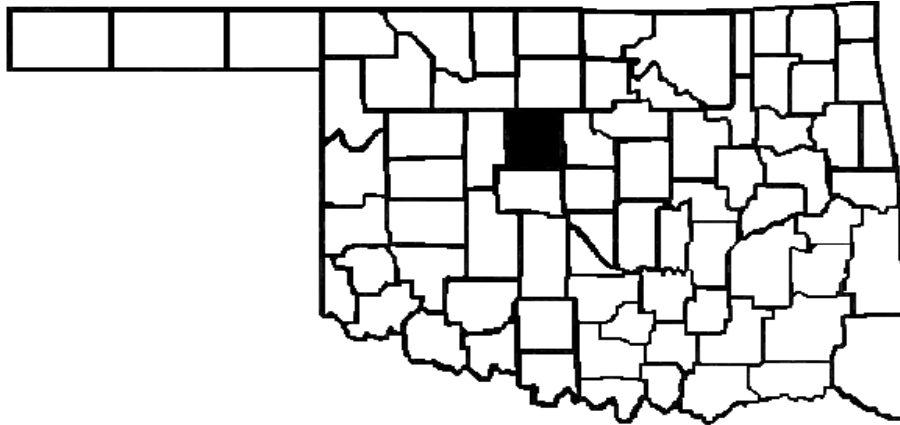
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**KINGFISHER COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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, 2014**

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**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

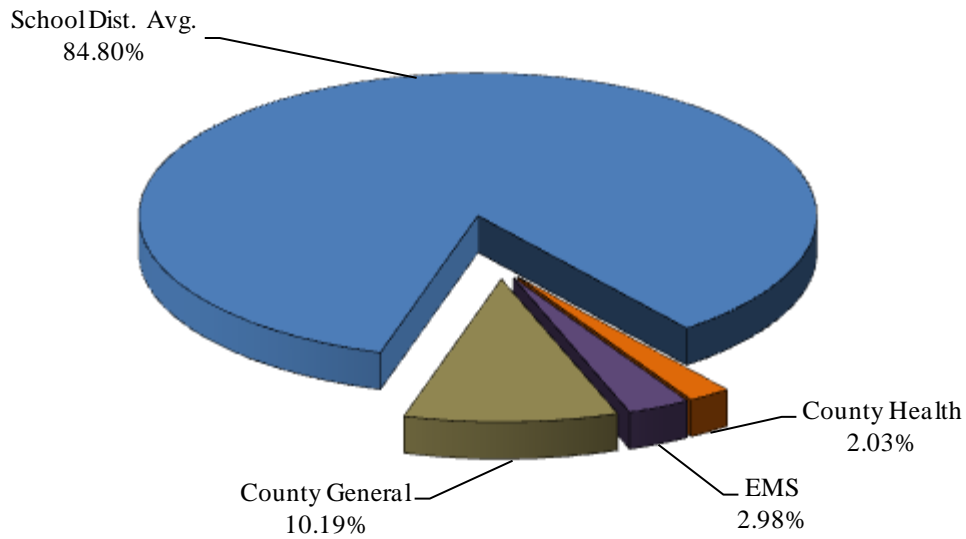
**District Attorney**

Mike Fields



**KINGFISHER COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

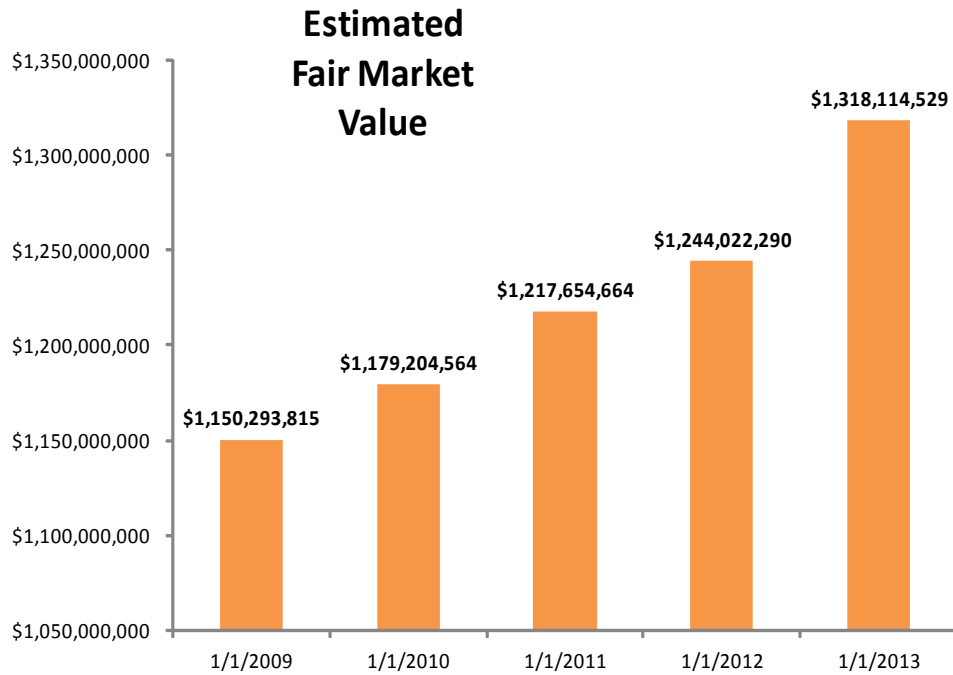
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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 Tech	Common	EMS	Total
County General	10.27									
County Health	2.05	Dover	I-2	35.99	5.14	19.77	-	4.11	-	65.01
EMS	3.00	Lomega/Kingfisher	JI-3	35.93	5.13	11.21	12.15	4.11	-	68.53
		Kingfisher	I-7	36.04	5.15	17.64	12.15	4.11	-	75.09
		Hennessey/Kingfisher	JI-16	35.94	5.13	20.49	-	4.11	-	65.67
		Cashion/Kingfisher	JI-89	35.49	5.07	16.67	7.50	4.11	-	68.84
		Okarche/Kingfisher	JI-105	36.19	5.17	18.97	-	4.11	-	64.44
		Okeene	9-B	35.72	5.10	21.88	-	4.11	-	66.81
		Drummond	I-85	35.67	5.10	26.50	-	4.11	-	71.38
		Crescent	JI-2	36.27	5.18	17.83	15.54	4.11	3.11	82.04
		Piedmont	J-22	35.23	5.03	32.08	15.10	4.11	-	91.55
Cimmarron	I-92	35.00	5.00	10.62	15.31	4.11	-	70.04		
Marshall/Covington	I-94	35.88	5.13	12.75	15.31	4.11	-	73.18		

**KINGFISHER COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 TREND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

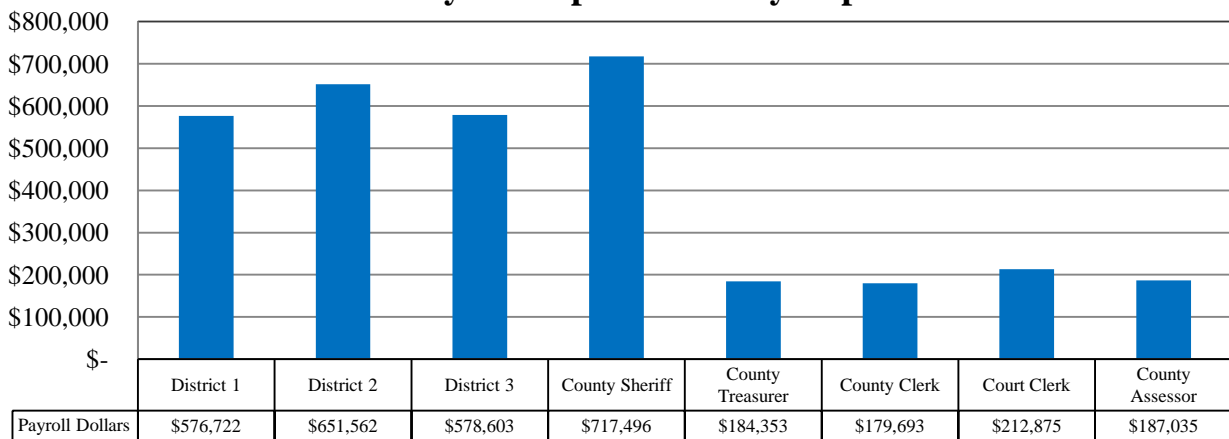
Valuation Date	Personal	Public Service	Real Estate	Total Exemptions	Net Value	Estimated Fair Market Value
1/1/2013	\$43,383,152	\$26,605,154	\$83,968,554	\$3,168,876	\$150,787,984	\$1,318,114,529
1/1/2012	\$39,547,454	\$25,445,967	\$80,617,269	\$3,172,796	\$142,437,894	\$1,244,022,290
1/1/2011	\$37,193,200	\$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



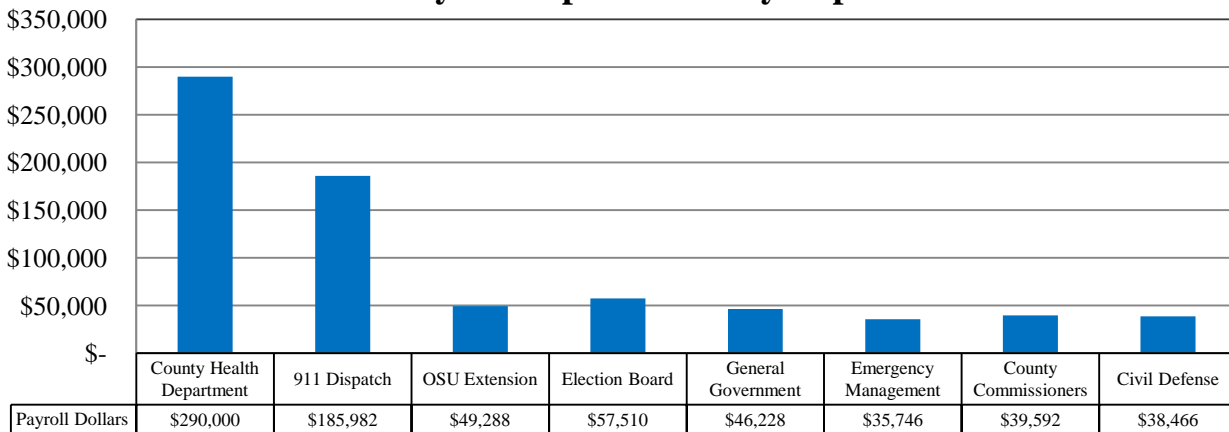
**KINGFISHER COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

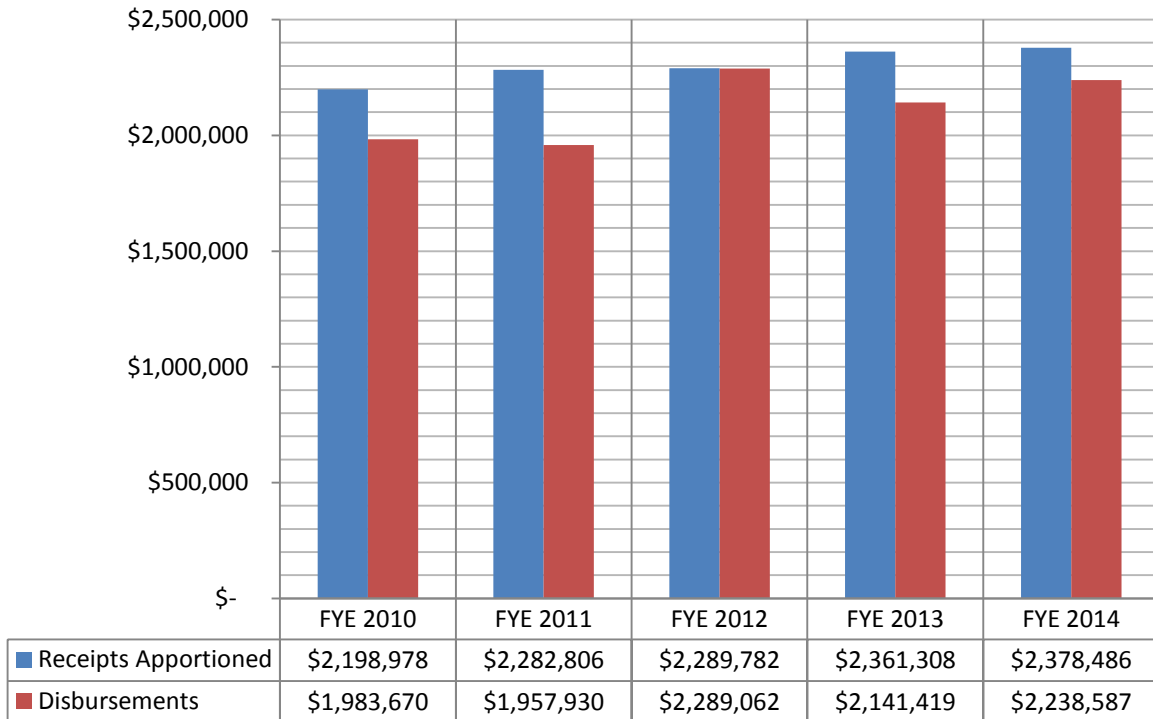


**KINGFISHER COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## 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.

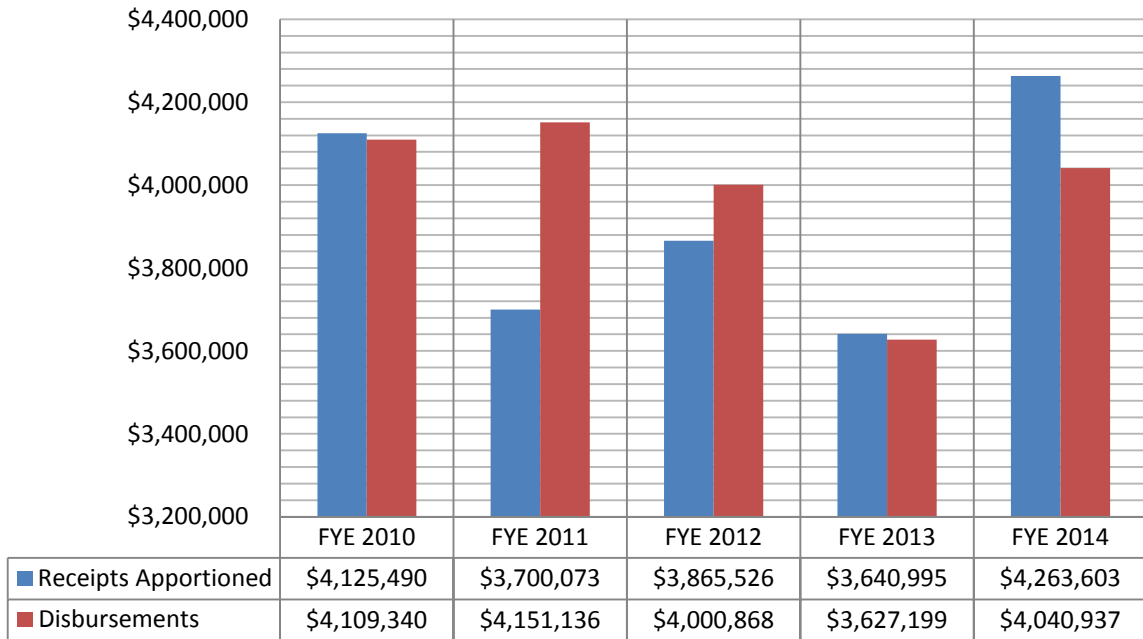


**KINGFISHER COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## 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, 2014, 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, 2014, 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, 2014, 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". 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, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Combing Information:						
Major Funds:						
County General Fund	\$ 3,117,502	\$ 2,378,486	\$ -	\$ -	\$ 2,238,587	\$ 3,257,401
County Highway Cash Fund	2,260,887	4,263,603	-	259,314	4,040,937	2,224,239
County Bridge and Road Improvement	829,977	447,653	-	-	291,702	985,928
County Health Department Fund	345,553	475,448	-	-	549,538	271,463
1/2 Cent Sales Tax Fund	2,150,042	1,604,272	-	-	1,240,296	2,514,018
Free Fair Sales Tax Fund	490,476	-	-	-	10,889	479,587
Road and Bridge 5 Year Sales Tax Fund	-	742,696	259,314	-	-	1,002,010
Fire Department Sales Tax Fund	841,452	799,381	-	-	289,768	1,351,065
Remaining Aggregate Funds	1,643,105	767,582	19,738	-	849,208	1,581,217
<b>Combined Total - All County Funds</b>	<b>\$ 11,678,994</b>	<b>\$ 11,479,121</b>	<b>\$ 279,052</b>	<b>\$ 259,314</b>	<b>\$ 9,510,925</b>	<b>\$ 13,666,928</b>

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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 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, 2014**

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

Road and Bridge 5 Year Sales Tax Fund – accounts for the ½% sales tax collected and spent solely for the construction, improvement, maintenance and repair of county roads and bridges.

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

**2. Ad Valorem Tax**

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

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

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

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

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

**C. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; 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 ½ Cent Sales Tax Fund.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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The voters of Kingfisher County approved a five (5) year one-half of one percent (1/2%) sales tax effective January 1, 2014 for the purpose of construction, improvement, maintenance and repair of county roads and bridges. These funds are accounted for in the Road and Bridge 5 Year Sales Tax Fund.

**E. Interfund Transfers**

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

- \$259,314 was transferred out of the County Highway Cash Fund into the Road and Bridge 5 Year Sales Tax Fund in order to clearly and separately account for sales tax money collected for road and bridge purposes.
- \$19,738 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.



**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, 2014**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 3,117,502	\$ 3,117,502	\$ -
Less: Prior Year Outstanding Warrants	(75,115)	(75,115)	-
Less: Prior Year Encumbrances	(43,102)	(24,440)	18,662
Beginning Cash Balances, Budgetary Basis	<u>2,999,285</u>	<u>3,017,947</u>	<u>18,662</u>
Receipts:			
Ad Valorem Taxes	1,407,811	1,542,660	134,849
Charges for Services	109,598	301,040	191,442
Intergovernmental Revenues	129,425	447,404	317,979
Miscellaneous Revenues	118,833	87,382	(31,451)
Total Receipts, Budgetary Basis	<u>1,765,667</u>	<u>2,378,486</u>	<u>612,819</u>
Expenditures:			
District Attorney	14,028	7,887	6,141
County Sheriff	638,869	602,831	36,038
County Treasurer	188,705	188,425	280
County Commissioners	121,000	113,354	7,646
County Clerk	177,579	161,351	16,228
Court Clerk	232,000	218,642	13,358
County Assessor	164,133	159,694	4,439
Revaluation of Real Property	126,914	87,808	39,106
General Government	2,864,913	506,201	2,358,712
Excise-Equalization Board	4,750	1,989	2,761
County Election Board	80,129	71,448	8,681
County Purchasing Agent	40,626	38,425	2,201
Data Processing	5,760	5,759	1
Charity	2,000	600	1,400
Recording Account	6,417	6,417	-
Civil Defense	67,806	59,803	8,003
County Audit Budget Account	29,323	1,748	27,575
Total Expenditures, Budgetary Basis	<u>4,764,952</u>	<u>2,232,382</u>	<u>2,532,570</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	3,164,051	<u>\$ 3,164,051</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants			
Add: Current Year Outstanding Warrants		61,434	
Add: Current Year Reserves		31,916	
Ending Cash Balance		<u>\$ 3,257,401</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, 2014**

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 344,552	\$ 345,553	1,001
Less: Prior Year Outstanding Warrants	(5,587)	(5,587)	-
Less: Prior Year Encumbrances	(117,308)	(117,055)	253
Beginning Cash Balances, Budgetary Basis	221,657	222,911	1,254
Receipts:			
Ad Valorem Taxes	281,014	307,835	26,821
Charges for Services	-	166,221	166,221
Intergovernmental	-	1,392	1,392
Total Receipts, Budgetary Basis	281,014	475,448	194,434
Expenditures:			
Health and Welfare	502,671	432,772	69,899
Total Expenditures, Budgetary Basis	502,671	432,772	69,899
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	265,587	\$ 265,587
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		300	
Add: Current Year Reserves		943	
Add: Current Year Outstanding Warrants		4,633	
Ending Cash Balance		\$ 271,463	

**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, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:						
Kingfisher LEPC Grant	\$ 9,048	\$ -	\$ -	\$ -	\$ 942	\$ 8,106
Kingfisher LEPC Filing Fees	2,351	20	-	-	992	1,379
Resale Property	100,870	52,970	19,738	-	65,041	108,537
Sheriff Service Fee	176,828	129,517	-	-	153,550	152,795
County Clerk Lien Fee	165,641	100,496	-	-	8,606	257,531
County Treasurer Mortgage Tax Certification	4,913	3,135	-	-	3,981	4,067
Sheriff Prisoner Revolving	24,705	152,921	-	-	90,049	87,577
Assessor Visual Inspection Fee	33,727	13,697	-	-	7,365	40,059
Animal Welfare Fund	1,113	-	-	-	327	786
County Clerk Records Preservation Fee	71,741	49,331	-	-	29,355	91,717
Resale Cash in Treasurer Office	825	-	-	-	-	825
County Clerk Cash	100	-	-	-	-	100
911 Emergency	1,051,243	265,495	-	-	489,000	827,738
<b>Combined Total - Remaining Aggregate Funds</b>	<b>\$ 1,643,105</b>	<b>\$ 767,582</b>	<b>\$ 19,738</b>	<b>\$ -</b>	<b>\$ 849,208</b>	<b>\$ 1,581,217</b>

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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, 2014**

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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 – 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, 2014, 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, 2014, 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 these deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2014-1 and 2014-3.



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: 2014-4.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

### **Kingfisher County's 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, 2014**

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**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2014-1 – 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, 2014**

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**Finding 2014-3 – Inadequate Internal Controls and Noncompliance with State Statutes Over the Purchasing Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County’s purchasing process and the test of fifty-eight purchase orders, we determined that two of the purchase orders were not encumbered prior to receiving goods or services as noted below:

<b>Purchase Order Number</b>	<b>Warrant Number</b>	<b>Warrant Date</b>	<b>Vendor</b>	<b>Purpose</b>	<b>Amount</b>
2354	649	10/1/2013	Fire Department Sales Tax	Loyal Fire Generator	\$6,388.00
1569	49	12/16/2013	Fire Department Sales Tax	Cashion Fire Truck Repairs	\$20,952.00

**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.

- County funds should be encumbered prior to the receipt of goods and/or services.

**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 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 2014-4 – 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:

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

- 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.
- The 911 Department obtained capital outlay items without going through the bidding process for the following purchase order which is comprised of a system of base radios and equipment.

Purchase Order Number	Requisition Date	Vendor Name	Purchase Order Amount	Item(s)	Invoice Date	Invoice Amount	Receiving Report Date
1448	10/21/2013	Stolz Telecom	\$127,163.56	Base Radio Equipment Recommended Spares Installation Maintenance Cost	2/13/2014	\$86,838.00	4/2/2014

- Three instances were noted, where the lowest bid was not accepted, and the reason was not stated in the BOCC minutes.

Bid Open Date	Item(s)	Published Date	Vendor Awarded Bid	Bid Price
9/30/2013	2008 or newer Motor Grader w/1,650 hrs. or less	10/21/2013	Yellowhouse Machinery Co.	\$167,304
04/07/2014	Livescan for Sheriff's Department	04/07/2014	Morpho Trak Plus	\$31,829
04/31/2014	Pumper Accessory for Loyal Fire Department	04/31/2014	Casco Industries	\$15,553

**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.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**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 2014-6 – 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 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.

**Finding 2014-9 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory**

**Condition:** Upon inquiry of employees and review of fixed assets inventory records, we noted that the following offices did not maintain evidence that an annual physical verification of fixed assets was performed:

- District 1 Commissioner
- District 2 Commissioner

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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- District 3 Commissioner
- County Sheriff
- Court Clerk

**Court Clerk:**

- One of the ten items selected was not properly marked with a county identification number.

**Cause of Condition:** Policies and procedures have not been designed and implemented by County officers to document annual fixed assets inventory verifications, as well as procedures to ensure proper marking of equipment.

**Effect of Condition:** These conditions resulted in noncompliance with state statute. Further, when fixed assets are not monitored and equipment is not properly marked with County identification numbers, opportunities for misuse or loss of equipment may be more likely to occur.

**Recommendation:** OSAI recommends the County comply with 19 O.S. § 178.1 by maintaining inventory records and properly marking assets with county identification numbers, and performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed asset recordkeeping process.

**Management Response:**

**District 1 Commissioner:** I will keep documentation of an annual inventory verification with the signature of the individual performing the verification and the date it was performed.

**District 2 Commissioner:** I will keep documentation of an annual inventory verification with the signature of the individual performing the verification and the date it was performed.

**District 3 Commissioner:** I will keep documentation of an annual inventory verification with the signature of the individual performing the verification and the date it was performed.

**County Sheriff:** I will have documentation signed and dated as proof that inventory verification was performed.

**Court Clerk:** I will have documentation signed and dated as proof that inventory verification was performed and mark fixed assets with county identification numbers.

**Criteria:** 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.

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 2014-10 – Inadequate Internal Controls and Over Consumable Inventories**

**Condition:** Upon inquiry of the recordkeeping processes regarding consumable inventories, the following was noted:

- The District 2 Commissioner did not perform a monthly physical inventory verification of consumable items.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to accounting for and safeguarding of consumable items.

**Effect of Condition:** This condition resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets and consumable inventories.

**Recommendation:** OSAI recommends designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by their department comply with 19 O.S. § 1504A.

**Management Response:**

**District 2 Commissioner:** We now perform a monthly inventory verification a report and summary of consumable items.

**Criteria:** 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.





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