

**KINGFISHER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

December 17, 2007

TO THE CITIZENS OF  
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma, for the fiscal year ended June 30, 2007. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

**KINGFISHER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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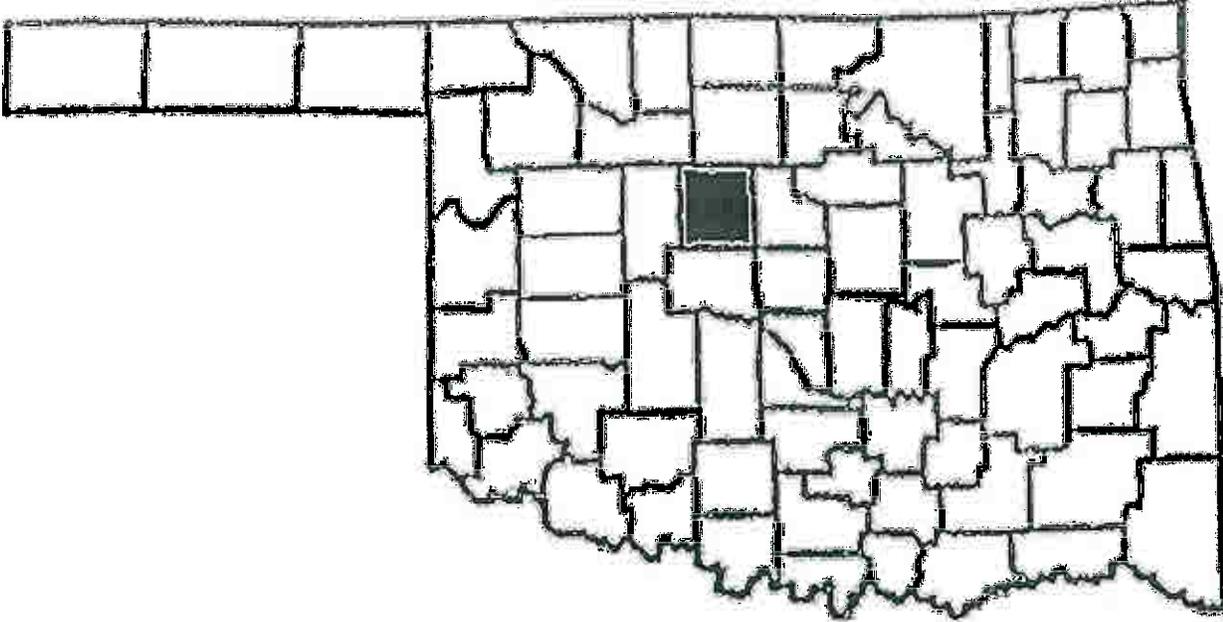
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REPORT TO THE CITIZENS  
OF  
KINGFISHER COUNTY, OKLAHOMA

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

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

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

County Seat – Kingfisher

Area – 905.96 Square Miles

County Population – 14,302  
(2005 est.)

Farms – 1,063

Land in Farms – 552,561 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY ASSESSOR**

Eloise McCully  
(D) Kingfisher

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

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

**COUNTY CLERK**

Judy Grellner  
(R) Kingfisher

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

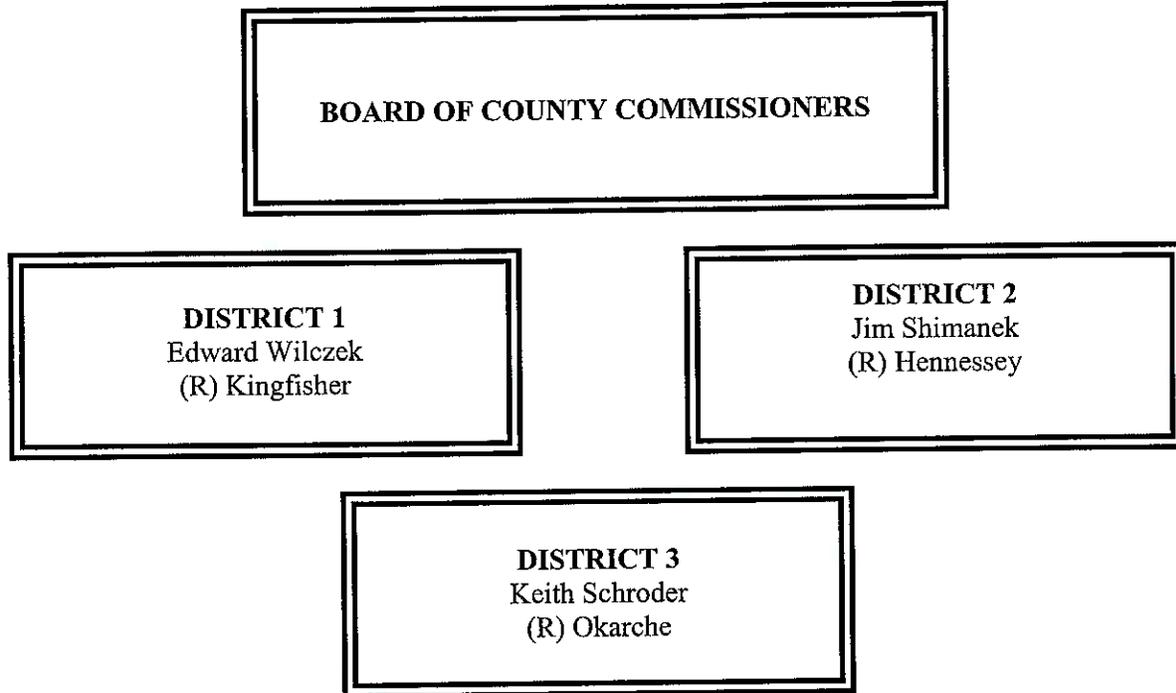
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY SHERIFF**  
Dennis Banther  
(D) Kingfisher

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

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

**COUNTY TREASURER**  
Karen Mueggenborg  
(R) Kingfisher

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

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

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COURT CLERK**  
Yvonne Dow  
(R) Okarche

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

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

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

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

**DISTRICT ATTORNEY**  
Cathy Stocker  
(R) El Reno

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

See independent auditor's report.

**KINGFISHER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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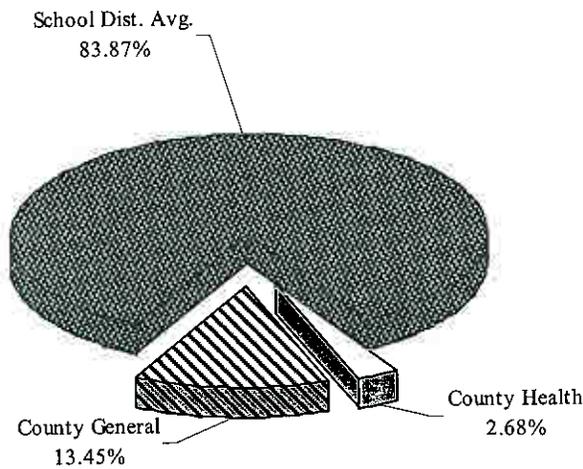
<b>ELECTION BOARD SECRETARY</b> Sharon O'Hern (D) Dover
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility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

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

**KINGFISHER COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 General ■ School Dist. Avg. □ County Health

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

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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Total net assessed value as of January 1, 2006		<u>\$ 116,703,427</u>
Debt limit - 5% of total assessed value		5,835,171
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 5,835,171</u>

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (UNAUDITED)**

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	2006
Estimated population	14,302
Net assessed value as of January 1, 2006	\$ 116,703,427
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**KINGFISHER COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$32,251,297	\$23,380,978	\$64,186,925	\$3,115,773	\$116,703,427	\$950,709,655

See independent auditor's report.

**FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
KINGFISHER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Kingfisher County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Kingfisher County as of June 30, 2007, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Kingfisher County, for the year ended June 30, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2007, on our consideration of Kingfisher County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



JEFF A. McMAHAN  
State Auditor and Inspector

November 26, 2007

**Basic Financial Statement**

**KINGFISHER COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 (WITH COMBINING INFORMATION)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 1,618,816	\$ 1,964,348	\$ 1,941,024	\$ 1,642,140
Highway Cash	1,861,802	3,688,108	3,830,406	1,719,504
County Health Department	355,129	297,303	251,081	401,351
1/2 Cent Sales Tax	951,621	707,341	682,240	976,722
Resale Property	64,685	32,908	43,956	53,637
Sheriff Service Fee	45,754	86,714	65,662	66,806
Sheriff Prisoner Revolving	62,389	86,467	69,369	79,487
County Clerk Lien Fee	33,153	19,229	6,646	45,736
County Clerk Records Management Preservation Fee	37,836	27,460	13,212	52,084
Treasurer Mortgage Tax Certification Fee	1,004	4,230	4,342	892
Assessor Visual Inspection	72,721	5,280	18,167	59,834
Local Emergency Planning Committee Grant	7,449	2,641	4,442	5,648
LEPC Filing Fees		280	78	202
Trash Cop	1,286		1,166	120
Resale Cash - Treasurer	325			325
Memorial Sales Tax		248,228	1,913	246,315
Free Fair - 5 Year Sales Tax		124,114	59,360	64,754
Courthouse Security		4,538		4,538
<b>Combined Total--All County Funds</b>	<b>\$ 5,113,970</b>	<b>\$ 7,299,189</b>	<b>\$ 6,993,064</b>	<b>\$ 5,420,095</b>

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Fund Accounting**

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

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

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

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

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

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

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

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

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

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

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

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

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

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

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

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

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

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

**C. Basis of Accounting**

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**D. Budget**

Under current Oklahoma Statutes, the general fund and the 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 by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

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

**E. Cash**

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

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

**F. Investments**

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

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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

**G. Compensated Absences**

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

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

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2006, was approximately \$116,703,427.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.27 mills for general fund operations and 2.05 mills for county health department. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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Current year tax collections for the year ended June 30, 2007, were approximately 98.6 percent of the tax levy.

**3. Fuel Tax**

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

**4. Risk Management**

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

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

**5. Long-term Obligations**

**Capital Leases**

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

**6. Pension Plan**

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005 were \$251,151, \$217,728, and \$194,257, respectively, equal to the required contributions for each year.

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

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

**8. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. 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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**9. Sales Tax**

A one-half cent sales tax extending for five years was renewed in an election held February 14, 2006. The sales tax is used to fund county government in the following manner: Roads (29%); General Government (16%); OSU Extension (9%); Free Fair (10%); Rural Fire (13%); County Sheriff (15%); Museum (5%); and to Libraries (3%). The sales tax is apportioned directly to the Sales Tax Fund and remitted to the above named entities. For the fiscal year ending June 30, 2007, \$707,341 was collected and apportioned in sales tax.

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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Sales Tax (1/4 Cent 5 Year Free Fair Board)

A ¼ cent sales tax extending for five years from August 2006 is used to fund the Kingfisher County Free Fair Board. One hundred percent of the funds shall be apportioned to the Free Fair Board. For the fiscal year ending June 30, 2007, a total of \$124,114 was collected and apportioned as Free Fair Board sales tax.

Sales Tax (1/2 Cent 6 Month Kingfisher Memorial)

A ½ cent sales tax extending for six months from November 2006 to April 2007, is used to fund the construction and maintenance of a Kingfisher County Military Service Memorial to be located in the Kingfisher City Cemetery. For the fiscal year ending June 30, 2007, a total of \$248,228 was collected and apportioned in sales tax.

**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, 2007**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,570,437	\$ 2,570,437	\$ 1,618,816	\$ (951,621)
Less: Prior Year Warrants	(103,105)	(103,105)	(100,416)	
Less: Prior Year Encumbrances	(133,538)	(133,538)	(28,933)	104,605
Beginning Cash Balances, Budgetary Basis	<u>2,333,794</u>	<u>2,333,794</u>	<u>1,489,467</u>	<u>(844,327)</u>
Receipts:				
Ad Valorem Taxes	1,089,586	1,089,586	1,192,040	102,454
Charges for Services	95,074	95,074	177,282	82,208
Intergovernmental Revenues	130,580	130,580	341,833	211,253
Miscellaneous Revenues	93,304	519,805	253,193	(266,612)
Total Receipts, Budgetary Basis	<u>1,408,544</u>	<u>1,835,045</u>	<u>1,964,348</u>	<u>129,303</u>
Expenditures:				
District Attorney	8,799	8,799	7,512	1,287
County Sheriff	572,990	572,990	439,477	133,513
County Treasurer	148,959	148,959	147,931	1,028
County Commissioners	348,837	348,837	93,789	255,048
OSU Extension	187,983	187,983	9,242	178,741
County Clerk	146,717	146,718	138,368	8,350
Court Clerk	127,429	183,656	174,082	9,574
County Assessor	121,590	121,590	119,815	1,775
Revaluation of Real Property	109,675	109,675	96,796	12,879
General Government	1,477,271	1,468,941	577,441	891,500
Civil Defense	35,340	22,500	20,986	1,514
Excise-Equalization Board	5,000	5,000	1,552	3,448

continued on next page

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

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	65,592	65,933	57,158	8,775
County Purchasing Agent	31,808	31,808	31,308	500
Data Processing	4,000	4,000	3,960	40
Welfare	3,000	3,000	-	3,000
Charity	3,000	3,000	1,250	1,750
Records	12,000	12,000	8,178	3,822
Soil Conservation	750	750	750	-
County Audit Budget	12,500	11,670	11,670	-
911 Enhanced	-	22,000	15,708	6,292
Museum	110,109	110,109	-	110,109
Rural Fire	132,513	132,513	-	132,513
Free Fair	68,579	68,579	-	68,579
Library	7,897	7,897	-	7,897
Veterans Memorial	-	246,621	-	246,621
Free Fair Improvement	-	123,311	-	123,311
Total Expenditures, Budgetary Basis	<u>3,742,338</u>	<u>4,168,839</u>	<u>1,956,973</u>	<u>2,211,866</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,496,842	<u>\$ 1,496,842</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			65,376	
Add: Current Year Outstanding Warrants			<u>79,922</u>	
Ending Cash Balance			<u>\$ 1,642,140</u>	

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

**KINGFISHER COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY HEALTH DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 355,129	\$ 355,129	\$ 355,129	\$ -
Less: Prior Year Warrants	(747)	(747)	(747)	
Less: Prior Year Encumbrances	(24,558)	(24,558)	(23,065)	1,493
Beginning Cash Balances, Budgetary Basis	<u>329,824</u>	<u>329,824</u>	<u>331,317</u>	<u>1,493</u>
Receipts:				
Ad Valorem Taxes	217,493	217,493	237,944	20,451
Charges for Services		58,953	58,953	
Intergovernmental Revenue			406	406
Total Receipts, Budgetary Basis	<u>217,493</u>	<u>276,446</u>	<u>297,303</u>	<u>20,857</u>
Expenditures:				
Health and Welfare	547,317	606,270	306,280	299,990
Total Expenditures, Budgetary Basis	<u>547,317</u>	<u>606,270</u>	<u>306,280</u>	<u>299,990</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	322,340	<u>\$ 322,340</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			70,130	
Add: Current Year Outstanding Warrants			8,881	
Ending Cash Balance			<u>\$ 401,351</u>	

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

**KINGFISHER COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
KINGFISHER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Kingfisher County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 26, 2007. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than

inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2007-1, 2007-2, and 2007-3

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

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

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

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



JEFF A. McMAHAN  
State Auditor and Inspector

November 26, 2007

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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 2007-1 – Purchasing – Encumbrances (Repeat Finding)**

Criteria: Statutory control requirements have been established for requisition and purchasing activities in county government. Title 62 O.S. § 310.1 states in part, “The purchasing officer, having authority to purchase or contract against all budget appropriation accounts as authorized by law shall submit all purchase orders and contracts prior to the time the commitment is made to the officer charged with keeping the appropriation and expenditure records.”

Condition: The test of 47 purchase orders revealed that 8 purchase orders were received prior to the purchase order being encumbered.

Effect: The controls established to ensure that appropriations are not exceeded are made ineffective.

Recommendation: We recommend the County officers prepare and forward to the purchasing agent, the purchase order, so that funds are encumbered for all the purchases before any partial or actual services are performed, in accordance with 62 O.S. § 310.1.

Views of responsible officials and planned corrective actions: All departments have been notified of their department having purchases before encumbering and were informed of the importance in accordance per 62 O.S. § 310.1 to prepare and forward to the purchasing agent, the purchase order, so that funds are encumbered for all purchases before any partial or actual services are performed.

**Finding 2007-2– Blanket Purchase Orders (Repeat Finding)**

Criteria: In accordance with 62 O.S. § 310.8.A, “A municipality, county or school district may issue a blanket purchase order for:

1. recurring purchases of goods or services if a maximum authorized amount for all purchases pursuant to a blanket purchase order is specified in the order and approved by the governing board; or...

B. Blanket purchase orders shall be prepared, filed and encumbered in the manner provided for purchase orders and as authorized by law or regulation, except no written requisition shall be required for a blanket purchase order. Prior to payment, the requesting county officer shall verify the blanket purchase order by signature. Before transacting any purchase pursuant to a blanket purchase order, the order shall be submitted to the governing board for its approval....”

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Condition: The test of 47 purchase orders revealed 7 instances where the approved purchase order form for blanket purchase orders was not completed. The County used a stamp that they designed, to be used by the Commissioners in approving blanket purchase orders to be encumbered. The notations provided on the SA&I purchase order form were not completed.

Effect: Blanket purchase order procedures as provided for by statute are not being followed.

Recommendation: We recommend officers follow the procedures provided for in 62 O.S. §310.8.A.1 for blanket purchase orders.

Views of responsible officials and planned corrective actions: Recurring purchases of goods or services requiring blanket purchases will be completed as dictated by 62 O.S. § 310.8.A.1.

**Finding 2007-3 - Bidding Procedures (Repeat Finding)**

Criteria: Statutory control requirements have been established for requisition and purchasing activities in county government. Title 19 O.S. § 1501.A.3 states that the county purchasing agent shall make purchases and rental or lease-purchase agreements only after following the bidding procedures for items exceeding \$10,000. 19 O.S. § 1501.A.3.a states on part, "All purchases made pursuant to this subparagraph shall be by a single purchase order. Splitting purchase orders, which would result in paying an amount in excess of the limitations specified in this subparagraph, is expressly prohibited."

Condition: The test of bid procedures revealed that Hudson Inc. received several payments from District 2 for crushed concrete, in which there were no records that bids were solicited or awarded. It appears in some cases that receiving reports and delivery documents were altered, that purchases were split, and that delivery documents were not attached to purchase orders.

<u>P.O. #</u>	<u>Warrant #</u>	<u>Enc Date</u>	<u>\$/Ton</u>	<u>Org Tons on RR</u>	<u>Tons</u>	<u>Amt. Paid</u>
1092	596	9/29/2006	\$ 10.00	1,002.15	1,000.00	\$ 10,000.00
1168	597	10/10/2006	\$ 10.00	105.25	500.00	\$ 5,000.00
1295	623	10/23/2006	\$ 10.00	1,051.48	1,000.00	\$ 10,000.00
1752	982	12/7/2006	\$ 10.00	1,000.00	1,000.00	\$ 10,000.00
3562	1899	6/7/2007	\$ 9.00	1,125.00	1,100.11	\$ 9,900.99
3654	1900	6/11/2007	\$ 9.00	449.89	449.89	\$ 4,049.01
					Total	<u>\$ 48,950.00</u>

Effect: Purchasing controls as established by the state statutes may have been over-ridden.

Recommendation: We recommend that purchasing and bidding procedures be followed as outlined in 19 O.S. § 1501.A.3, including the district obtain (weigh) delivery tickets for each load of crushed concrete, to document that the exact number of tons was purchased. Additionally, the assigned receiving agent should document the loads as received and provide timely and accurate receiving reports and invoices to

**KINGFISHER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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attach to the purchase order for prompt payment. Furthermore, if a purchase is deemed a "single source," that documentation should be included with the purchase order.

Views of responsible officials and planned corrective actions: It is the intent of Kingfisher County to comply with the controls established by the state statutes. Purchasing and bidding procedures will be followed, including the district obtaining weight delivery tickets for each load of crushed concrete, to document the exact number of tons purchased. Also the assigned receiving agent will document the loads as received and provide timely accurate receiving reports and invoices attached to the purchase order for prompt payment. In addition to the above, if purchasing from a "single source," documentation as to why bidding procedures were not followed will be attached to purchase orders. Also, no purchases will be split to avoid the \$10,000 bid limit.