

**KINGFISHER COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

February 19, 2004

TO THE CITIZENS OF
KINGFISHER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kingfisher County, Oklahoma, for the fiscal year ended June 30, 2003. 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 serve the public interest by providing independent oversight and to issue 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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

**KINGFISHER COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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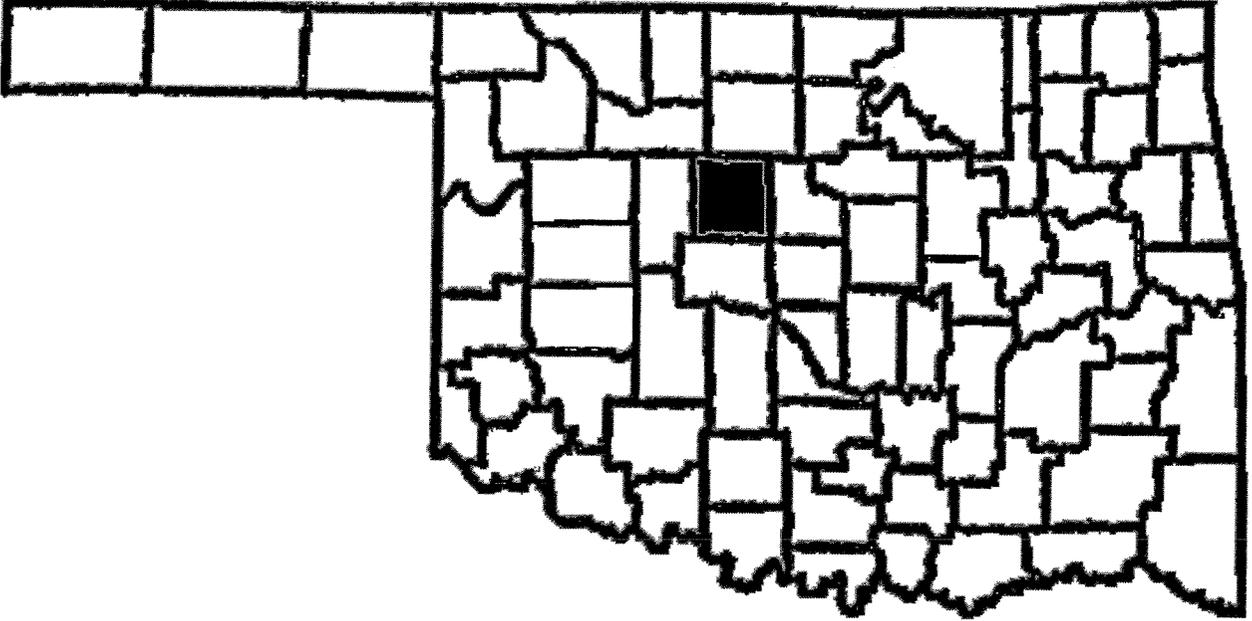
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**KINGFISHER COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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REPORT TO THE CITIZENS
OF
KINGFISHER COUNTY, OKLAHOMA



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

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

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

County Seat – Kingfisher

Area – 903.1 Square Miles

County Population – 13,926
(2000 est.)

Farms – 998

Land in Farms – 554,988 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

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

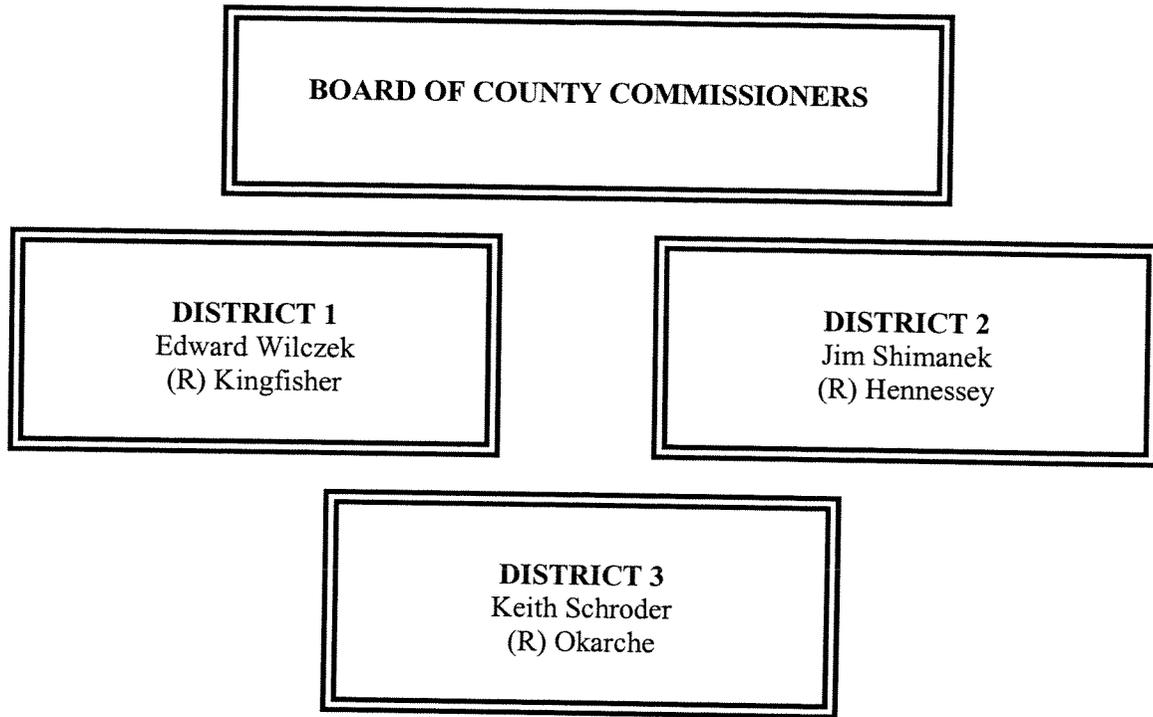
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Danny Graham
(R) 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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

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) Enid

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.

ELECTION BOARD SECRETARY

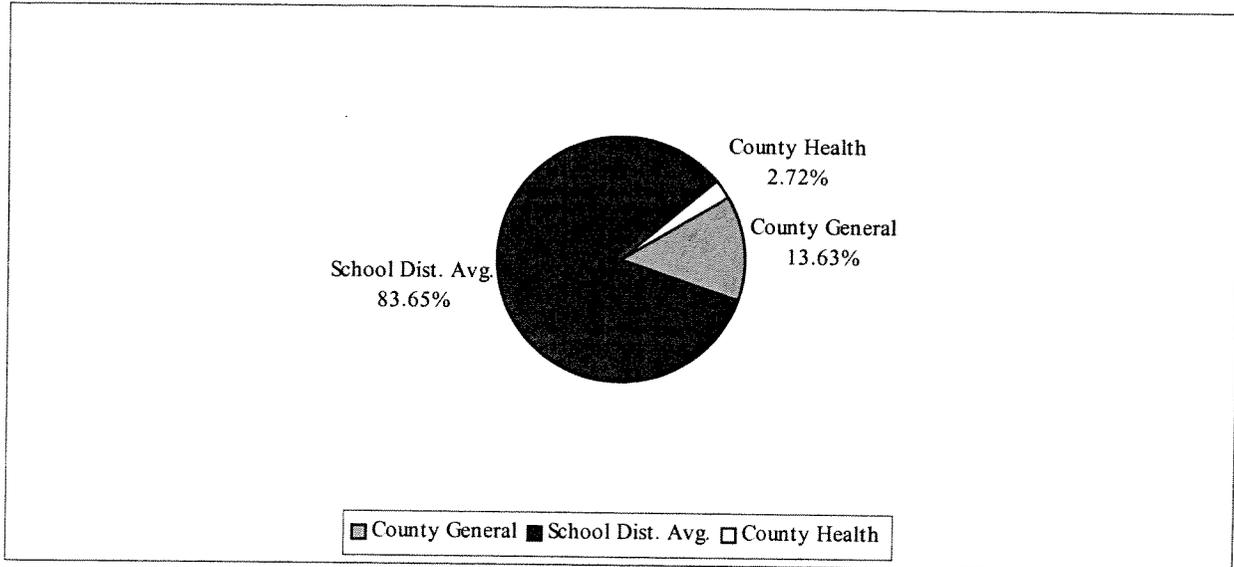
Sharon K. O'Hern
(D) Dover

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 DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE**

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								
Co. General	10.27			Gen.	Bldg.	Skp.	Vo-Tech	Vo-Tech Bldg.	Common	Total
County Health	2.05	Dover	I-2	35.99	5.14	5.95	10.36	2.00	4.11	63.55
		Kingfisher	I-7	36.04	5.15	11.32	10.15	2.00	4.11	68.77
		Hennessey	I-16	35.94	5.13	12.23			4.11	57.41
		Cashion	I-89	35.49	5.07	6.89			4.11	51.56
		Okarche	I-105	36.19	5.17				4.11	45.47
		Blaine	I-9B	35.72	5.10	7.54			4.11	52.47
		Major	I-92	35.00	5.00	8.79	10.22	5.09	4.11	68.21
		Garfield	I-85	35.67	5.10	10.12			4.11	55.00
		Garfield	I-94	35.88	5.13	10.97	10.22	5.09	4.11	71.40
		Lomega	Jl-3	35.93	5.13	9.99	10.15	2.00	4.11	67.31
		Canadian	J-22	35.23	5.03	23.17	10.07	5.03	4.11	82.64
		Logan	J-12	36.27	5.18	11.93	10.36	4.50	4.11	72.35

See independent auditor's report.



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 special-purpose financial statements of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Kingfisher County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Kingfisher County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general and county health department funds of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Kingfisher County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Kingfisher County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

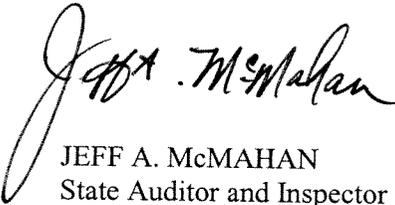
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Kingfisher County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

January 26, 2004

Special-Purpose Financial Statements

**KINGFISHER COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2003**

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General Fund	\$ 1,836,931	\$ 2,024,394	\$ 1,983,311	\$	\$ 1,878,014
Highway Cash	1,143,365	3,232,950	3,282,662		1,093,653
County Clerk Record's Preservation Fee	6,814	25,205	18,507		13,512
Prisoner Revolving Fund	17,753	67,092	41,112		43,733
Resale Property	50,726	27,126	38,029		39,823
Sheriff Service Fee	30,171	56,228	48,106		38,293
County Clerk Lien Fee	6,112	10,238	5,019		11,331
Mortgage Certification Fee	1,256	5,035	5,220		1,071
Local Law Enforcement Block Grant	1,916	2,615	1,180		3,351
Trash Cop Grant	2,903		407		2,496
Chercap	5,467	33	5,498		2
Industrial Development Sinking	25,530	9,519	14,245		20,804
Assessor Visual Inspection	101,686	3,620	14,301		91,005
Law Library	1,547	12,995	12,653		1,889
Industrial Development Authority	142,825	2,763	12,073		133,515
Schools	2,976,041	8,312,392	7,278,757		4,009,676
Cities and Towns	9,150	126,839	127,634		8,355
County Health Department	96,347	229,245	228,576		97,016
Vo-Tech School #26	408,453	2,073,604	1,996,325		485,732
Independent & Joint Schools	11,254	3,564,703	3,518,737		57,220
Official Depository	134,214	1,659,698	1,627,145	17,736	184,503
Free Fair	7,117	80,985	81,618		6,484
School District Sinking	467,708	434,090	592,450		309,348
Individual Redemption	62	16,199	16,199		62
Official Depository Cash	100				100
911 Co-op		25,320	20,690		4,630
Animal Welfare		14,518	2,159		12,359
Protest Tax		30,691	18,998		11,693
Unapportioned Taxes		7,604	7,470		134
Total County Funds	<u>\$ 7,485,448</u>	<u>\$ 22,055,701</u>	<u>\$ 20,999,081</u>	<u>\$ 17,736</u>	<u>\$ 8,559,804</u>

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

**KINGFISHER COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,836,931	\$ 1,836,931	\$ 1,836,931	\$ -
Less: Prior Year Outstanding Warrants	(107,559)	(107,559)	(107,559)	
Less: Prior Year Encumbrances	(61,360)	(61,360)	(44,245)	17,115
Beginning Cash Balances, Budgetary Basis	<u>1,668,012</u>	<u>1,668,012</u>	<u>1,685,127</u>	<u>17,115</u>
Receipts:				
Ad Valorem Taxes	895,351	895,351	979,062	83,711
Sales Tax	472,059	472,059	455,917	(16,142)
Charges for Services	65,935	65,935	111,621	45,686
Intergovernmental Revenues	101,436	177,750	209,815	32,065
Miscellaneous Revenues	83,676	85,989	267,979	181,990
Total Receipts, Budgetary Basis	<u>1,618,457</u>	<u>1,697,084</u>	<u>2,024,394</u>	<u>327,310</u>
Expenditures:				
District Attorney	8,957	8,957	6,229	2,728
Capital Outlay	400	400		400
Total District Attorney	<u>9,357</u>	<u>9,357</u>	<u>6,229</u>	<u>3,128</u>
County Sheriff	423,642	426,991	419,748	7,243
Capital Outlay	45,382	70,943	66,814	70,943
Total County Sheriff	<u>469,024</u>	<u>497,934</u>	<u>486,562</u>	<u>11,372</u>
County Treasurer	131,049	131,049	130,837	212
Capital Outlay				
Total County Treasurer	<u>131,049</u>	<u>131,049</u>	<u>130,837</u>	<u>212</u>
County Commissioners	429,838	410,208	232,877	177,331
Capital Outlay	1,000	1,000	913	1,000
Total County Commissioners	<u>430,838</u>	<u>411,208</u>	<u>233,790</u>	<u>177,418</u>
OSU Extension	87,022	87,022	58,879	28,143
Capital Outlay	154,529	154,529	612	153,917
Total OSU Extension	<u>241,551</u>	<u>241,551</u>	<u>59,491</u>	<u>182,060</u>
County Clerk	130,800	131,400	118,142	13,258
Capital Outlay				
Total County Clerk	<u>130,800</u>	<u>131,400</u>	<u>118,142</u>	<u>13,258</u>
Court Clerk	112,894	174,625	168,793	5,832
Capital Outlay				
Total Court Clerk	<u>112,894</u>	<u>174,625</u>	<u>168,793</u>	<u>5,832</u>
County Assessor	109,041	109,041	105,470	3,571
Capital Outlay	200	200		
Total County Assessor	<u>109,241</u>	<u>109,241</u>	<u>105,470</u>	<u>3,771</u>
Revaluation of Real Property	70,597	70,597	55,172	15,425
Capital Outlay	500	500		500
Total Revaluation of Real Property	<u>71,097</u>	<u>71,097</u>	<u>55,172</u>	<u>15,925</u>
General Government	685,913	690,354	305,732	384,622
Capital Outlay	516,191	490,986	119,366	371,620
Total General Government	<u>1,202,104</u>	<u>1,181,340</u>	<u>425,098</u>	<u>756,242</u>
Excise-Equalization Board	5,000	5,000	2,273	2,727
Capital Outlay				
Total Excise-Equalization Board	<u>5,000</u>	<u>5,000</u>	<u>2,273</u>	<u>2,727</u>

continued on next page

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

**KINGFISHER COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	\$ 56,331	\$ 54,397	\$ 48,605	\$ 5,792
Capital Outlay	250	3,250	2,873	377
Total County Election Board	<u>56,581</u>	<u>57,647</u>	<u>51,478</u>	<u>6,169</u>
County Purchasing Agent	28,750	28,150	27,494	656
Capital Outlay				
Total County Purchasing Agent	<u>28,750</u>	<u>28,150</u>	<u>27,494</u>	<u>656</u>
Data Processing	4,000	4,000	3,500	500
Capital Outlay				
Total Data Processing	<u>4,000</u>	<u>4,000</u>	<u>3,500</u>	<u>500</u>
Welfare Agencies	3,000	3,000		3,000
Capital Outlay				
Total Welfare Agencies	<u>3,000</u>	<u>3,000</u>		<u>3,000</u>
Charity	3,000	3,000	1,000	2,000
Capital Outlay				
Total Charity	<u>3,000</u>	<u>3,000</u>	<u>1,000</u>	<u>2,000</u>
Fire Fighting	25,920	25,920	12,361	13,559
Capital Outlay	85,439	112,753	51,429	61,324
Total Fire Fighting	<u>111,359</u>	<u>138,673</u>	<u>63,790</u>	<u>74,883</u>
Recording Account	13,000	8,000	7,935	65
Capital Outlay		5,000	5,000	
Total Recording Account	<u>13,000</u>	<u>13,000</u>	<u>12,935</u>	<u>65</u>
Library	5,947	5,947	5,092	855
Capital Outlay	15,720	15,720	13,781	1,939
Total Library	<u>21,667</u>	<u>21,667</u>	<u>18,873</u>	<u>2,794</u>
Civil Defense	18,690	18,690	18,548	142
Capital Outlay	1,000	1,000	940	60
Total Civil Defense	<u>19,690</u>	<u>19,690</u>	<u>19,488</u>	<u>202</u>
Soil Conservation		232	231	1
Capital Outlay	750	518	518	
Total Soil Conservation	<u>750</u>	<u>750</u>	<u>749</u>	<u>1</u>
County Audit Budget	9,800	9,800	9,800	
Capital Outlay				
Total County Audit Budget	<u>9,800</u>	<u>9,800</u>	<u>9,800</u>	
Free Fair Budget	48,097	48,097		48,097
Capital Outlay				
Total Free Fair Budget	<u>48,097</u>	<u>48,097</u>		<u>48,097</u>
Museum				
Capital Outlay	53,820	53,820		53,820
Total Museum	<u>53,820</u>	<u>53,820</u>		<u>53,820</u>
Total Expenditures, Budgetary Basis	<u>3,286,469</u>	<u>3,365,096</u>	<u>2,000,964</u>	<u>1,364,132</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,708,557	<u>\$ 1,708,557</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			60,922	
Add: Current Year Outstanding Warrants			108,535	
Ending Cash Balance			<u>\$ 1,878,014</u>	

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

**KINGFISHER COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
COUNTY HEALTH FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 96,347	\$ 96,347	\$ 96,347	\$ -
Less: Prior Year Outstanding Warrants	(528)	(528)	(528)	
Less: Prior Year Encumbrances	(13,718)	(13,718)	(12,283)	1,435
Beginning Cash Balances, Budgetary Basis	<u>82,101</u>	<u>82,101</u>	<u>83,536</u>	<u>1,435</u>
Receipts:				
Ad Valorem Taxes	178,721	178,721	195,412	16,691
Miscellaneous Revenues		2,941	33,833	30,892
Total Receipts, Budgetary Basis	<u>178,721</u>	<u>181,662</u>	<u>229,245</u>	<u>47,583</u>
Expenditures:				
Health and Welfare	244,474	247,415	215,610	31,805
Capital Outlay	16,348	16,348	2,218	16,348
Total Expenditures Budgetary Basis	<u>260,822</u>	<u>263,763</u>	<u>217,828</u>	<u>45,935</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	94,953	<u>\$ 94,953</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			911	
Add: Current Year Outstanding Warrants			1,152	
Ending Cash Balance			<u>\$ 97,016</u>	

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

**KINGFISHER COUNTY, OKLAHOMA
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
Court Clerk	\$ 45,242	\$ 673,998	\$ 645,936	\$ 301	\$ 73,605
Court Fund	45,107	267,107	251,323	267	61,158
District Attorney	5,270		5,296	28	2
County Clerk		151,701	152,002	301	
Sheriff		112,116	112,186	70	
Treasurer 2	10,256	358,247	369,754	15,377	14,126
Treasurer 2A		2,722	2,722		
Treasurer 3A		650	650		
Treasurer Back Tax	2,045	4,535	4,998		1,582
Election	276	36,726	37,973	1,248	277
Health	1,958	36,537	37,613		882
District Attorney 16	1,545				1,545
Free Fair Improvement	510	5			515
District Attorney	161	399	538	44	66
County Assessor Fee		2,083	2,083	100	100
Court Clerk Revolving	21,844	12,872	4,071		30,645
Total Official Depository Accounts	<u>\$ 134,214</u>	<u>\$ 1,659,698</u>	<u>\$ 1,627,145</u>	<u>\$ 17,736</u>	<u>\$ 184,503</u>

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

Notes to the Financial Statements

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Kingfisher County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund is the only fund required to adopt a formal budget. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund and county health department fund.

KINGFISHER COUNTY, OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2003

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund presents 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 Statement of Receipts, Disbursements, and Changes in Fund Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insurance	
- Vehicle	Group. (See ACCO-SIG.)	

KINGFISHER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed authorized deductibles, the County would have surcharges assessed to pay the excess claims.

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$2,500 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 amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

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. The pool has assessed additional premiums to be paid by its members in the current fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may accumulate from 10 to 20 days depending on the number of years of service. Regular, full time employees accumulate one-half day sick leave eligibility for each pay period of employment and may accumulate a maximum of 6 days in a 12 month period. Unused sick leave may be carried over the following calendar year, not to exceed a total of 10 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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.

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$8,559,804 and the bank balance was \$8,559,519. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 authorizes the County Treasurer to invest in:

- 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

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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 Clerk Record's Preservation Fee - accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for record's preservations.

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

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 disbursements of Sheriff process service fees as restricted by statute.

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

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

Local Law Enforcement Block Grant – accounts for the receiving and expending of Hazard Material Emergency Preparedness Planning Grant.

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

Chercap – accounts for funds received from FEMA and Koch Pipe Line Company to facilitate a Chercap exercise.

Industrial Development Sinking – accounts for the repayment of debt incurred by the Industrial Development Authority.

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

Law Library - accounts for monies received for disbursement from the state for the law library board.

Detailed Notes on Account Balances (continued)

Industrial Development Authority - are proceeds from Kingfisher Industrial Development Authority bond issues.

Schools - accounts for monies collected on behalf of the public schools in Oklahoma County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Cities and Towns – accounts for the ad valorem, local and state revenue collected on behalf of the cities and towns in Kingfisher County. Funds are remitted to the municipalities monthly.

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

Vo-Tech School #26 – accounts for ad valorem tax collection and distribution to Vo-Tech #26.

Independent & Joint Schools – accounts for ad valorem tax collections and distribution to independent and joint schools.

Official Depository - accounts for the collection and distribution of officer and board fees, held in trust until the end of the month.

Free Fair – accounts for the collection of ½ cent sales tax and rental fees for the use of the county fair buildings.

School District Sinking – accounts for ad valorem tax collections and distribution for school district sinking.

Individual Redemption – accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

Official Depository Cash – accounts for “cash on hand” for officials used to make change.

911 Co-Op – accounts for monies received from the City of Kingfisher to assist in the administration of and receiving 911 calls for Kingfisher County. Expenditures are specifically for the operation of 911 in Kingfisher County.

Animal Welfare – accounts for the donations received for the caring and feeding of stray, abandoned and seized animals.

Protest Tax – accounts for the collection of ad valorem taxes paid in protest. Taxes will either be released or apportioned at a later time.

Detailed Notes on Account Balances (continued)

Unapportioned Taxes - accounts for taxes collected and being held for apportionment to various government entities.

Additionally, the following official depository accounts are described as follows:

Court Clerk - accounts for the collection of bond money, court fines and fees. Money is disbursed for fees and restitution.

Court Fund - accounts for fees transferred from District Court and interest earned. Money is disbursed for the purpose of fees for various entities, salaries and operations of the Court Clerk's office.

District Attorney - accounts for bogus check fees and restitution within the County. Funds are now handled by District Attorney's central office.

County Clerk - accounts for the collection of filing fees that are disbursed to the Oklahoma Tax Commission and general fund.

Sheriff - accounts for collections of foreign fees, bond money, and concealed weapon fees. Monies are distributed to Sheriff Service Fee Account and to the Court Clerk.

Treasurer 2 - accounts for collections of Motor Vehicle Stamps, Farm Implement Stamps and taxes held in trust. Distribution is to Oklahoma Tax Commission and County Treasurer Mortgage Certification Fees.

Treasurer 2A - accounts for the collection and disbursements of interest earned on bank accounts.

Treasurer 3A - accounts for the \$5.00 fee collected for individual redemption.

Treasurer Back Tax - accounts for the partial payment of delinquent back taxes. After the total amount of tax is collected, the amount is apportioned to the various funds.

Election - accounts for reimbursement of election expenses and is disbursed for refunds of election filing fees and maintenance and operations of the office.

Health - accounts for collection of charges for services performed by the health department. Disbursements are made to the health department fund for budgeting purposes.

District Attorney 16 - accounts for collection of restitution payments from defendants as ordered by the court. .

Detailed Notes on Account Balances (continued)

Free Fair Improvement - accounts for the interest earned on the balance of the account used for the improvement of the fair grounds.

District Attorney - accounts for collections received from the state to reimburse the District Attorney for witness expense.

Court Clerk Revolving - accounts for the \$5.00 charges for each warrant served. Money is disbursed in the same manner as the court fund.

County Assessor Fee - accounts for all collection of copy fees and is to be disbursed at the end of the month and deposited in the Assessor Revolving Fund.

C. 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, 2003, was approximately \$95,899,347.

Per Article 10, §8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.27 mills (the legal maximum) for general fund operations and 2.05 mills for the county health department. In addition, the County also 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.

Current year tax collections for the year ended June 30, 2003, were approximately 99 percent of the tax levy.

Detailed Notes on Funds and Account Balances (continued)

D. Pension Plan

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

E. 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 percent on all subsequent pieces of machinery acquired.

F. 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. 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 government expects such amounts, if any, to be immaterial.

The government 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 government.

5. Sales Tax

A one-half cent sales tax extending for five years from February 2001 is used to fund county government in the following manner: Roads (29%), General Government (16%), OSU Extension (9%), Free Fair (10%), Rural Fire (13%), County Sheriff (15%), Museum (5%), and Libraries (3%). The sales tax is apportioned directly to the general fund and remitted to the above named entities. The amount apportioned for the fiscal year to the County general fund was \$455,917 and the remainder was apportioned to the rural fire departments.

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**Report on Compliance and on Internal Control Over Financial Reporting
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 special-purpose financial statements of Kingfisher County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 26, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether Kingfisher County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we believe are significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action. The following findings, 2003-1, 2003-2, 2003-3, 2003-4, 2003-6, 2003-7, 2003-9, and 2003-10, are included in Section 2 of the schedule of findings, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kingfisher County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2003-5 and 2003-8.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-5 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

January 26, 2004

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

Finding 2003-5 – Segregation of Duties (Repeat Finding)

Criteria: Effective internal controls require that employees who process cash transactions be segregated from the duties of depositing funds, posting bookkeeping records, and reconciling reports of collection activity.

Condition: One deputy in the Sheriff's office performs all the cash collections, posting, and reconciling activities.

Recommendation: We recommend that management be aware of the possibility of weakened internal controls when all collection activity duties are the responsibility of one employee. Although it is not feasible to divide these duties to the extent described above, it is desirable to review transactions and cross train employees to perform these duties to provide adequate control over funds collected in each office.

Finding 2003-8 – Employee Accrued Leave Records

Criteria: The Employee Personnel Policy Handbook adopted July 2003 states on page 9 that, "Each elected official shall be responsible for keeping records of the leave taken by his or her employees and shall make monthly reports to the County Clerk. Such records should include type and length of leave." In addition, the Fair Labor Standards Act requires that employers keep accurate records of actual time worked by employees, including compensatory, sick and annual earned, taken or paid.

Condition: County officers (with the exception of the Court Clerk) do not keep an accrued leave balance for each employee.

Recommendation: We recommend the County adopt standardized forms to be used for each employee to track leave used; leave accrued; and remaining balances. We further recommend that the form include pay rate, employment date and dollar value of leave balances.

KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2003

SECTION 2 – Other Audit Findings – This section contains audit findings not required to be reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2003-1 – Promissory Note

Criteria: The Constitution of the State of Oklahoma in Article 10, § 26 states that, "Except as herein otherwise provided, no county, city, town, township, school district, or other political corporation, or subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof." Additionally, Title 19 O.S. 2001, § 1505(b) provides guidelines to the purchasing agent for bidding process with regard to lease-purchase agreements.

Condition: The County entered into a promissory note with First Capital Bank, Kingfisher for \$28,080 at 4.8%. The note was for the purchase of a Tanker for the Loyal Fire Department.

Recommendation: We recommend that Kingfisher County not incur debt for more than a year at a time unless they have the assent of three-fifths of the voters. We additionally recommend the recipients of county sales tax adhere to county purchasing guidelines with regard to the lease-purchase of equipment as established by Title 19 O.S. 2001, § 1505(b).

Finding 2003-2 – Consumable Inventories Reports (Repeat Finding)

Criteria: In accordance with Title 19 O.S. § 1505, a county must file a monthly summary of road and bridge inventory items or materials used and an inventory of road and bridge materials on hand with its county clerk.

Condition: In our examination of consumable inventories for the fiscal year ended June 30, 2003, we noted that the Commissioner at District 2 did not file reports of road and bridge materials on hand.

Recommendation: We recommend that each highway district file with the County Clerk a monthly summary of road and bridge inventory items or materials on hand and a summary of road and bridge inventory items or materials used during the period. The report should contain a record of the date, place and purpose for the use of the road or bridge items or materials, as prescribed in Title 19 O.S. 2001, § 1505, and should also include beginning and ending quantities and balances for each inventory item purchased in lots of \$500 or more within a six month period.

Finding 2003-3 – Equipment Inventory

Criteria: Title 69 O.S. 2001, § 645 states in part, "Each piece of county-owned, rented, or leased road machinery and equipment, and each automobile and truck, be conspicuously and legibly marked with the county's name on each side in upper case letters, on a background of sharply contrasted color." Also, Title 19 O.S. 2001, § 1502 states that a uniform identification system shall be implemented for items of \$250 or more."

Condition: Upon visually inspecting each District's equipment, there were some machinery and equipment that was not properly labeled.

Recommendation: We recommend that each highway district label and number each piece of road machinery and equipment costing over \$250 as outlined in Title 69 O.S. 2001, § 645 and Title 19 O.S. 2001, § 1502.

Finding 2003-4 – Bid Notification

Criteria: Title 19 O.S. 2001, § 1505.B.5. states in part, "The county purchasing agent shall notify the successful bidders and shall maintain a copy of the notification."

Condition: The County Clerk's office does not notify the successful bidders.

Recommendation: We recommend that the purchasing agent notify the successful bidders as set forth in Title 19 O.S. 2001, § 1505.B.5.

Finding 2003-6 – Ad Valorem Taxes

Criteria: Title 68 O.S. 2001, § 2913 states, "In no event may payment be made in more than two equal installments subject to the provisions of the payment schedule specified in this subsection."

Condition: The Treasurer is routinely accepting partial payment for the real and personal property taxes. These "payment plans" allow for more than two payments.

Recommendation: We recommend the Treasurer collect taxes in no more than two equal installments in accordance with Title 68 O.S. 2001, § 2913.

Finding 2003-7 – Estimate of Needs and Financial Statements

Criteria: Title 19 O.S. § 1413 states that the budgets as adopted shall constitute an appropriation for each fund, subject to final approval of the county excise board as provided in this act.

Condition: The budget maker has reported the general fund, highway fund, and the sinking fund. A separate budget was prepared for the county health department fund and the county free fair. The budget maker reported no other county funds on the budgets.

Recommendation: We recommend all county funds be reported as stated in the statutes to provide the Excise Board and the Commissioners a better basis for governing the County.

Finding 2003-9 – Holiday Leave Benefits

Criteria: Title 19 O.S. 2001, § 1301 states, "Any leave plan adopted by a county shall not extend benefits to any employee in excess of leave benefits available to a regular state employee in the classified service."

Condition: Birthdays were not addressed in the policy manual adopted in April 2001; however, the Commissioners allowed the highway employees to consider birthdays as another holiday. The Employee Personnel Policy Handbook adopted July 2003 states on page 13, "Birthdays may be allowed as an extra day of vacation at the discretion of the county officer."

Recommendation: We recommend the statement regarding birthdays be omitted from the policy manual and holidays be limited to those adopted by the State of Oklahoma.

Finding 2003-10 – Purchase Orders

Criteria: According to Title 19 O.S. 2001, § 1505.B.6.b., "if vendors are not willing to commit to a firm price for a reduced period, the purchasing agent shall solicit and record at least three quotes of current prices available to the county and authorize the purchase of goods based on the lowest and best quote as it becomes necessary to acquire such goods. . ." Title 19 O.S. 2001, 1505.B.6.c. states that if three quotes are not available, a memorandum to the county clerk from the county purchasing agent shall state the reasons why the price is the lowest and best under the circumstances. The county clerk shall attach a copy of the memo to the purchase order and file both in the county clerk's office.

Condition: It was noted that three purchase orders for repairs on equipment did not have estimates attached to the purchase order.

Recommendation: We recommend that the County Clerk attach three quotes to the purchase order according to Title 19 O.S. 2001, § 1505.B.6.b.

Management Response



KINGFISHER COUNTY COMMISSIONERS

Edward Wilczek, District 1
Jim Shimanek, District 2
Keith Schroder, District 3

Phone: (405) 375-3808
Fax: (405) 375-2366

Kingfisher County Courthouse
101 S. Main, Room #9
Kingfisher, OK 73750

February 10, 2004

Office of the State Auditor & Inspector
Mr. Jeff A. McMahan
1401 Lera, Suite G
Rt 2
Weatherford OK 73096

Dear Mr. McMahan:

Subject: Response to Auditor's Comments on Accounting and Administrative Controls and Federal State Compliance as part of the Examination of Kingfisher County Financial Statements for the Year Ending June 30, 2003.

We concur with the auditor's comments and are implementing the following procedural changes:

COMMISSIONERS: PROMISSORY NOTE 2003-1

It was the intent of Loyal Fire Department to enter into and complete a lease purchase agreement for a 3500 gallon tanker truck. After going out for bids and accepting the lease purchase price from the company the company wanted to charge a high rate of interest. The Fire Department Chief found financing locally and received a very low interest rate of 4.8% compared to the 8% the original company wanted to charge. During this process a 120-B form was not signed. Kingfisher County did not enter into a promissory note with first Capital Bank in the amount of \$28,080.00 at 4.8% for the purchase of a tanker for the Loyal Fire Department. Kingfisher County did not sign a promissory note to First Capital Bank. Loyal Fire Department did, but, only after going through the above process and trying very hard to get the best price for the Loyal Fire Department area and trying very hard to comply with state statutes. The Fire Department has been notified.

COMMISSIONERS: CONSUMABLE INVENTORIES 2003-2
EQUIPMENT INVENTORY 2003-3

District 2 Commissioner will file a monthly report recording the summary of road and bridge inventory items or materials used with the date, place and purpose for the use of the road or bridge items or materials. The Commissioners will label and number each piece of road machinery and equipment costing over \$250.



KINGFISHER COUNTY COMMISSIONERS

Edward Wilczek, District 1
Jim Shimanek, District 2
Keith Schroder, District 3

Phone: (405) 375-3808
Fax: (405) 375-2366

Kingfisher County Courthouse
101 S. Main, Room #9
Kingfisher, OK 73750

COUNTY CLERK: BID NOTIFICATION 2003-4

Kingfisher County Clerk will notify the successful bidders and shall maintain a copy of the notification. It is costly to mail notices to each successful bidder so Kingfisher County will implement the following procedure: All "Notice to Bids" will state "Please contact the County Clerk's office for the results of the bids". This will allow the Clerk to notify the successful bidder without any additional cost to the taxpayers.

SHERIFF: SEGREGATION OF DUTIES 2003-5

Management is aware of limited number of office personnel within the Sheriff's office which prevents proper segregation of accounting functions to assure adequate internal accounting control. A review is conducted periodically to monitor conditions and cross training of employees to aid in the controls of funds collected.

TREASURER: AD VALOREM TAXES 2003-6

Kingfisher County Treasurer has begun placing the collections in a trust until half or full payment is made. In November when the 2003 collections began, The County Treasurer was unaware of the finding. In some instances, tax payers have six people or more paying on a statement. In the past the treasurer accepted and applied the partial payment. However, in the future we will be putting the collections in a trust for one or more equal payments.

COMMISSIONERS: REVIEW OF BUDGET 2003-7

Kingfisher County's long time budget maker retired and currently Storm & Hauser prepare Kingfisher County's budgets. Cash funds were not reported on the budgets. Mr. Storm has been advised of the omission and all county funds will be reported in the future to provide the Excise Board and the Commissioners a better basis for governing the County.

ALL OFFICERS:	EMPLOYEE ACCRUED LEAVE RECORDS	2003-8
	HOLIDAY LEAVE BENEFITS	2003-9

Kingfisher County Officers have received the monthly report form from the Kingfisher Court Clerk. Henceforth the County Officers will make monthly reports to the County Clerk stating type and length of leave and maintain an accrued leave balance for employees.



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Kingfisher County Officers will review the Employee Personnel Policy Handbook and omit the statement regarding birthdays.

COUNTY CLERK: PURCHASE ORDERS 2003-10

Time is of the essence and makes it very difficult for the County Commissioners to attain quotes when making repairs. Kingfisher County Commissioners will make every effort to attain quotes when possible. The quotes will be submitted to the County Clerk for filing with the purchase order.

The County Officers, who have primary responsibilities in the area addressed by the above comments, agree that the comments are correct and also agree to take action as noted in the County response.

Board of County Commissioners

Keith Schroder, Chairman

Jim Shimanek, Vice-Chairman

Ed Wilczek, Member

**Statistical Data
(Unaudited)**

**KINGFISHER COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

TAXPAYER	JANUARY 1, 2002 NET ASSESSED ASSESSED VALUE	% OF TOTAL NET VALUATION
Pioneer Telephone	\$ 7,193,493	7.50%
Duke, GPM, Phillips	4,549,269	4.74%
One Ok	3,709,710	3.87%
Enogex Inc.	2,454,256	2.56%
Mission Funding	2,386,008	2.49%
Oklahoma Gas & Electric	2,254,506	2.35%
Exxon-Mobil	1,916,637	2.00%
Panhandle Eastern	1,572,779	1.64%
Pig Improvement Co.	1,353,920	1.41%
Cellular Network	1,065,376	1.11%
Total	\$ 28,455,954	29.67%

Source: (Provided by Oklahoma Tax Commission - Ad Valorem Division)

**KINGFISHER COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

Total net assessed value as of January 1, 2002		<u>\$ 95,899,347</u>
Debt limit - 5% of total assessed value		\$ 4,794,967
Total bonds outstanding	0	
Total judgments outstanding	<u>0</u>	<u> </u>
Legal debt margin		<u>\$ 4,794,967</u>

**KINGFISHER COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

	2003
Estimated population	13,926
Net assessed value	\$ 95,899,347
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	-
Net bonded debt per capita	\$ -

**KINGFISHER COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2002	\$23,781,634	\$20,341,676	\$54,951,820	\$3,175,783	\$95,899,347	\$775,910,570