

**KIOWA 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

April 26, 2004

TO THE CITIZENS OF
KIOWA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kiowa 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

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

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

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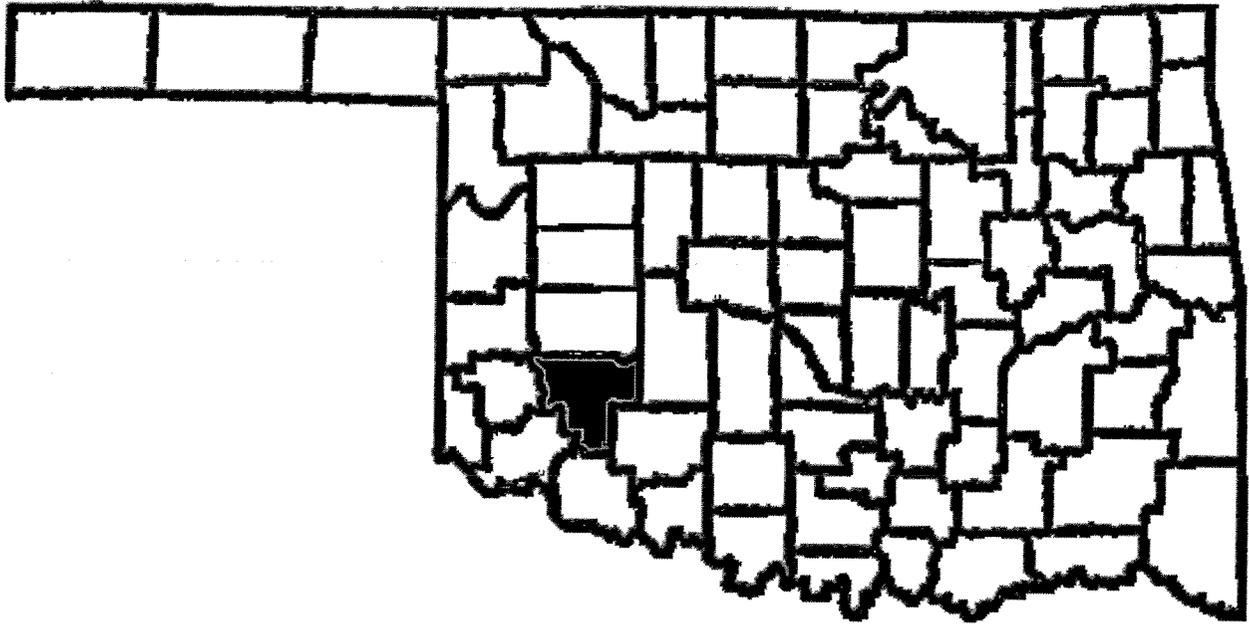
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REPORT TO THE CITIZENS
OF
KIOWA COUNTY, OKLAHOMA



Kiowa County was formed in 1901 from part of the original Kiowa-Comanche-Apache Indian Reservation area, and was named for the Kiowa Indian tribe. Cattle, agriculture, and cash crops are the major sources of income for the county.

The county was also home to author N. Scott Momaday and the Kiowa Tribal Museum and Headquarters. The Kiowa County Historical Society has published six books, which are available at the Kiowa County Museum in Hobart.

County Seat - Hobart

Area - 1014.7 Square Miles

County Population - 10,227
(2000 est.)

Farms - 702

Land in Farms - 595,283 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**KIOWA COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Letitia Stockton
(D) Hobart

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
Geanea Watson
(D) Hobart

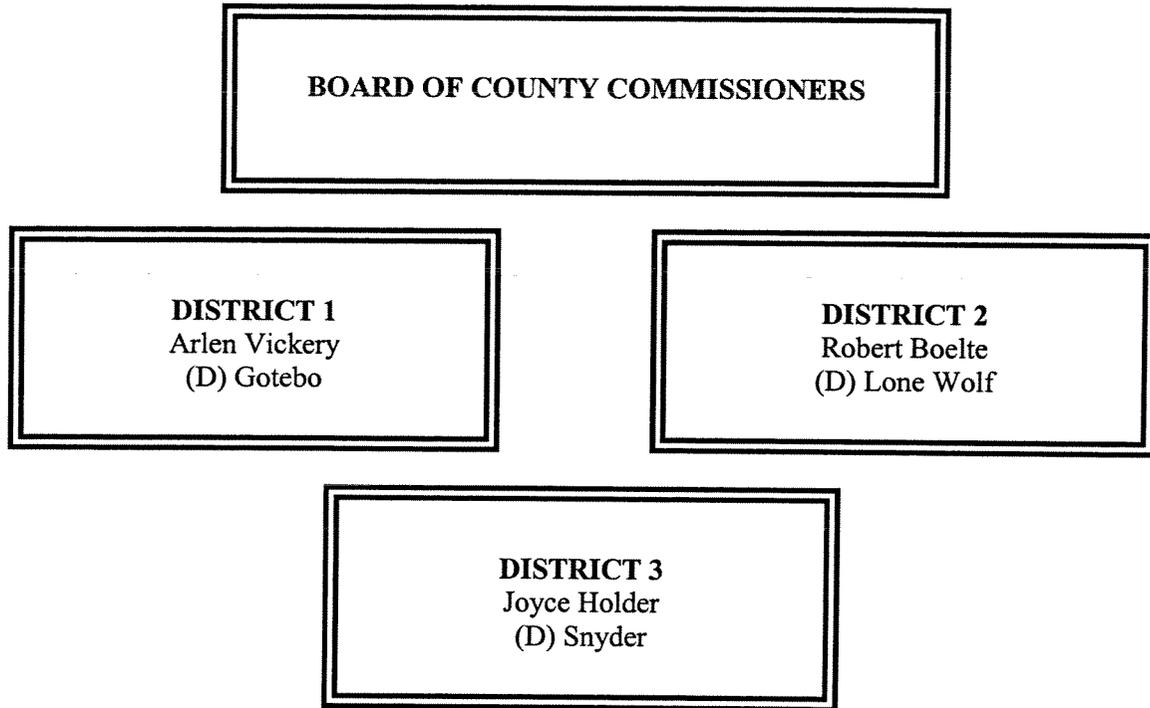
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**KIOWA 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.

**KIOWA COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Tommy Denton
(D) Hobart

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
Deanna Miller
(D) Hobart

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.

**KIOWA COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK

Karen Denton
(D) Hobart

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

John Wampler
(D) Duke

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.

**KIOWA COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Lynne Morris
(D) Hobart

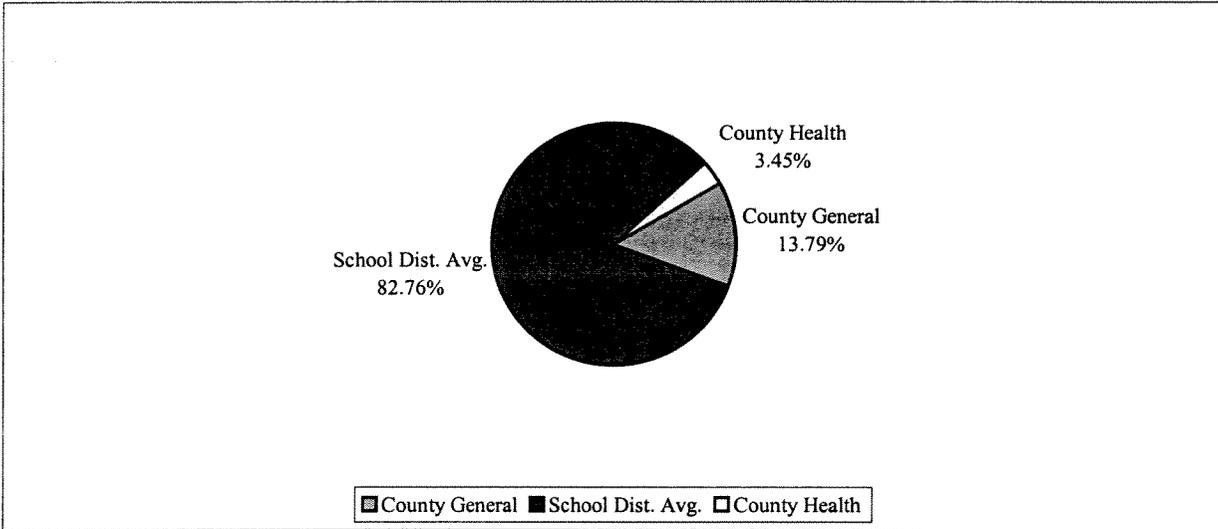
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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.

See independent auditor's report.

**KIOWA COUNTY, OKLAHOMA
AD VALOREM TAX 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									
			Gen.	Bldg.	Skg.	Tech Center	Tech Center Bldg.	EMS	Common	Total	
County General	10.44										
County Health	2.61	Hobart	SD-1	36.29	5.18	9.70	10.39	2.00		4.18	67.74
		Lone Wolf	SD-2	36.60	5.23	7.42	10.39	2.00		4.18	65.82
		Gotebo-Mt. View	SD-3	36.58	5.23		10.47	1.05	3.14	4.18	60.65
		Mt. Park-Roosevelt & Snyder	SD-4	36.68	5.24		10.48	1.05		4.18	57.63
		Washita	JT-1	36.54	5.22	7.53	10.39	2.00		4.18	65.86
		Comanche Co.	JT-2	35.16	5.02	12.99	10.48	1.05		4.18	68.88
		Caddo	JT-33	37.53	5.37		10.47	1.05		4.18	58.60
		Jackson	JT-54	36.21	5.17		10.35			4.18	55.91

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
KIOWA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Kiowa 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 Kiowa 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.

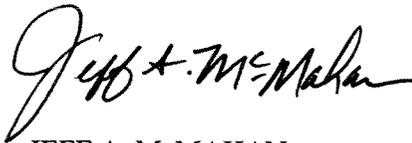
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Kiowa County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund 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 Kiowa 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 Kiowa County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department 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 April 19, 2004, on our consideration of Kiowa 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 Kiowa County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements 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.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMAHAN". The signature is written in a cursive style with a large initial "J" and a distinct "A" in the middle name.

JEFF A. McMAHAN
State Auditor and Inspector

April 19, 2004

Special-Purpose Financial Statements

**KIOWA 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	\$ 449,812	\$ 811,916	\$ 928,926	\$	\$ 332,802
Highway Cash	2,458,841	2,856,918	3,178,956		2,136,803
Resale Property	31,327	23,612	27,545		27,394
County Treasurer's Mortgage Tax					
Certification Fee	2,770	3,260	3,000		3,030
County Clerk Lien Fee	1,597	3,631	2,170		3,058
Sheriff Service Fee	105,301	48,264	48,414		105,151
Sheriff Board of Prisoners	104,798	77,554	40,500		141,852
Sheriff Drug Fund	40				40
Assessor Revolving	251	1,573	459		1,365
Assessor Visual Inspection	392		250		142
Sales Tax Account	183,230	231,701	212,006		202,925
Computer Service Sentencing Program	8,078	1,880	2,322		7,636
COPS Grant	15,609	6	15,614		1
Law Enforcement Fund	21,285	593	1,866		20,012
Assessor Hardware Upgrade	297				297
County Clerk Record's Preservation	9,558	14,390	8,194		15,754
Community Development Block Grant		30,442	30,442		
Kiowa County Industrial Development					
Authority Building		1,650	720		930
County Health Department	79,597	192,818	205,532		66,883
Schools	10,354	2,738,441	2,729,785		19,010
Cities and Towns	8,879	125,776	126,150		8,505
Law Library	2,157	8,606	5,781		4,982
Emergency Medical Service	18,111	74,422	57,670		34,863
Official Depository	125,690	905,748	875,081	2,187	158,544
Individual Redemption		313	313		
National Rifle Association		2,830	71		2,759
Juvenile Supervision	343				343
Tax Refunds		35			35
Excess Resale	922				922
Court Clerk Revolving	8,983		8,983		
Protest Tax		60,073			60,073
Total County Funds	\$ 3,648,222	\$ 8,216,452	\$ 8,510,750	\$ 2,187	\$ 3,356,111

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

**KIOWA 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	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 449,812	\$ 449,812	\$ 449,812	\$ -
Less: Prior Year Outstanding Warrants	(52,181)	(52,181)	(52,181)	
Less: Prior Year Encumbrances	(15,850)	(15,850)	(10,364)	5,486
Beginning Cash Balances, Budgetary Basis	<u>381,781</u>	<u>381,781</u>	<u>387,267</u>	<u>5,486</u>
Receipts:				
Ad Valorem Taxes	420,918	420,918	450,875	29,957
Charges for Services			101,894	101,894
Intergovernmental Revenues	17,626	116,016	181,767	65,751
Miscellaneous Revenues	40,849	40,849	77,380	36,531
Total Receipts, Budgetary Basis	<u>479,393</u>	<u>577,783</u>	<u>811,916</u>	<u>234,133</u>
Expenditures:				
County Sheriff	206,551	206,576	206,574	2
Capital Outlay	25			
Total County Sheriff	<u>206,576</u>	<u>206,576</u>	<u>206,574</u>	<u>2</u>
County Treasurer	109,380	109,380	107,702	1,678
Capital Outlay	1	1		1
Total County Treasurer	<u>109,381</u>	<u>109,381</u>	<u>107,702</u>	<u>1,679</u>
County Commissioners	20	13,944	2,670	11,274
Capital Outlay	5	2,255		2,255
Total County Commissioners	<u>25</u>	<u>16,199</u>	<u>2,670</u>	<u>13,529</u>
County Clerk	146,288	146,339	146,252	87
Capital Outlay				
Total County Clerk	<u>146,288</u>	<u>146,339</u>	<u>146,252</u>	<u>87</u>
Court Clerk	79,174	138,888	138,640	248
Capital Outlay				
Total Court Clerk	<u>79,174</u>	<u>138,888</u>	<u>138,640</u>	<u>248</u>
County Assessor	65,905	66,084	63,794	2,290
Capital Outlay	1,151	1,026	219	807
Total County Assessor	<u>67,056</u>	<u>67,110</u>	<u>64,013</u>	<u>3,097</u>
Revaluation of Real Property	86,509	85,929	73,424	12,505
Capital Outlay	300	950	860	90
Total Revaluation of Real Property	<u>86,809</u>	<u>86,879</u>	<u>74,284</u>	<u>12,595</u>

continued on next page

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

**KIOWA 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
General Government	99,392	120,179	111,914	8,265
Capital Outlay	25			
Total General Government	99,417	120,179	111,914	8,265
Excise-Equalization Board	5,400	6,050	4,810	1,240
Capital Outlay	1	101	98	3
Total Excise-Equalization Board	5,401	6,151	4,908	1,243
County Election Board	55,581	55,447	53,570	1,877
Capital Outlay	1	950	949	1
Total County Election Board	55,582	56,397	54,519	1,878
Charity	5	5		5
Capital Outlay				
Total Charity	5	5	-	5
Civil Defense	25	25		25
Capital Outlay				
Total Civil Defense	25	25	-	25
County Audit Budget	4,435	4,435	4,435	
Capital Outlay				
Total County Audit Budget	4,435	4,435	4,435	
Provision for Interest on Warrants	1,000	1,000		1,000
Total Expenditures, Budgetary Basis	861,174	959,564	915,911	43,653
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	283,272	\$ 283,272
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			1,186	
Add: Current Year Outstanding Warrants			47,624	
Ending Cash Balance			\$ 332,082	

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

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

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 79,597	\$ 79,597	\$ 79,597	\$ -
Less: Prior Year Outstanding Warrants	(3,299)	(3,299)	(3,299)	
Less: Prior Year Encumbrances	(2,859)	(2,859)	(2,859)	
Beginning Cash Balances, Budgetary Basis	<u>73,439</u>	<u>73,439</u>	<u>73,439</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	105,230	105,230	112,719	7,489
Miscellaneous Revenues		80,099	80,099	
Total Receipts, Budgetary Basis	<u>105,230</u>	<u>185,329</u>	<u>192,818</u>	<u>7,489</u>
Expenditures:				
Health and Welfare	173,669	257,768	225,596	32,172
Capital Outlay	5,000	1,000		1,000
Total Expenditures, Budgetary Basis	<u>178,669</u>	<u>258,768</u>	<u>225,596</u>	<u>33,172</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	40,661	<u>\$ 40,661</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Outstanding Warrants			26,222	
Ending Cash Balance			<u>\$ 66,883</u>	

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

**KIOWA 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
District Court Clerk	\$ 86,018	\$ 379,889	\$ 361,462	\$ 160	\$ 104,605
Court Fund	22,565	220,390	210,297	966	33,624
Court Clerk Revolving	1,428	16,349	13,792		3,985
County Treasurer	3,335	23,470	23,685	62	3,182
County Assessor Revolving		3,609	3,661	52	
County Clerk	7,806	75,010	75,019		7,797
County Sheriff	44				44
Sheriff Service Fee		3,640	3,640		
Kiowa County Indust. Dev. Auth. Bldg. Fund		68,750	69,425	675	
Free Fair	1,359	7,040	5,226	4	3,177
County Health Department	1,801	86,338	88,139		
Election Board	932	19,130	18,836	268	1,494
District Attorney Drug Account	38	988	988		38
District Attorney State Witness Fee	364	1,145	911		598
Total Official Depository Accounts	\$ 125,690	\$ 905,748	\$ 875,081	\$ 2,187	\$ 158,544

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 Kiowa County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. 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 and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department 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.

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 Cash Balances - Budget and Actual - General Fund and County Health Department 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 Cash 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 cash 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.)	

**KIOWA 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 carries commercial insurance for these types of risk.	None

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 \$100,000; the County has 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 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.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year at a rate of 6.67 hours per month and may accumulate up to 80 hours per calendar year. All full time Kiowa County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 10 hours (1.25 days) for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 45 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 \$3,356,111, and the bank balance was \$3,360,186. 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

B. Description of Funds

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

Detailed Notes on Funds and Account Balances (continued)

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

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

County Treasurer's Mortgage Tax 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.

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

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

Sheriff Board of Prisoners - accounts for state receipts and disbursements for the purpose of maintaining Department of Correction inmates.

Sheriff Drug Fund - accounts for forfeitures and disbursements for drug enforcement within the County.

Assessor Revolving - accounts for the collection of fees for copies restricted by state 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.

Sales Tax Account - accounts for the collection of sales tax and disbursed in accordance with the sales tax ballot.

Community Service Sentencing Program - accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

COPS Grant - accounts for all grants for the purpose of deputy's salaries.

Law Enforcement Fund - accounts for collections of contracts for law enforcement of surrounding cities and towns and disbursed for personal services.

Assessor Hardware Upgrade - accounts for collections from the state to update computer hardware for the Assessor's office.

County Clerk Record's Preservation - accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

Detailed Notes on Funds and Account Balances (continued)

Community Development Block Grant - accounts for monies received from federal grants and disbursed to build sidewalks around the courthouse.

Kiowa County Industrial Development Authority Building - accounts for collections from tiles sold and disbursed for maintenance of the tiles and to provide assistance to the 4-H program.

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

Schools - account 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 - account for monies collected on behalf of the cities and towns from state and local revenues and remitted to them monthly.

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

Emergency Medical Service - accounts for monies collected on behalf of the emergency medical service from charges for services and ad valorem taxes and remitted to them monthly.

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

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

National Rifle Association - accounts for monies received from a private foundation and disbursements made for earplugs and bullets for O.S.U. Extension training purposes.

Juvenile Supervision - accounts for collections of state funds to provide housing for juveniles.

Tax Refunds - account for overpayment of taxes.

Excess Resale - accounts for the collections of sale of property in excess of taxes due and disbursed in accordance with state statutes.

Court Clerk Revolving - accounts for the collection of service fees for each warrant issued. Disbursements are made in accordance with state statutes to defray the expense of the court.

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

Detailed Notes on Funds and Account Balances (continued)

Protest Tax - accounts for deposits made by the Treasurer for taxes paid under protest by the taxpayer and disbursements are made to transfer to the general fund or refund back to the taxpayer.

The following accounts are part of the Official Depository Account:

District 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. Money is disbursed for the purpose of fees for various entities, salaries, and operation of the Court Clerk’s office.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant. Money is disbursed in the same manner as the court fund.

County Treasurer – accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile homes, and the sale of motor vehicle stamps. Disbursements are for the purpose of refunds and vehicle collection vouchers to OTC, schools, and the County Treasurer Mortgage Certification Fee Account.

County Assessor Revolving – accounts for the collection of copy fees and disbursed to the County Assessor Revolving Fund Account.

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

County Sheriff - accounts for the collection of miscellaneous receipts and disbursements for the training of sheriff deputies.

Sheriff Service Fee – accounts for the collection of service fees and disbursements are made to the Sheriff Service Fee Account.

Kiowa County Industrial Development Authority Building Fund – accounts for the collection of monthly payments from the health department for a sublease on the newly built health department building. Disbursements account for the payment to the Shamrock Bank in which the loan is in the name of the KCIDA.

Free Fair - accounts for the collection of rental on the free fair building and disbursements account for the utilities of the building.

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

Detailed Notes on Funds and Account Balances (continued)

Election Board – accounts for reimbursements of election and is disbursed for refunds of election fees and maintenance and operations of the office.

District Attorney Drug Account - accounts for collections of forfeitures from drug related cases involving the district attorney drug task force. Disbursements are made from the order of the court.

District Attorney State Witness Fee – accounts for collections received from the state to reimburse for witness expense.

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, 2002, was approximately \$44,349,618.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.44 mills (the legal maximum) for general fund operations and 2.61 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 97.8 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% 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.

**KIOWA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

5. Sales Tax

On April 6, 1993, Kiowa County voters approved a sales tax of .5%. The money derived from the sales tax is distributed as follows. The duration of the sales tax is unlimited.

\$10,000 for Kiowa County Free Fair

\$25,000 for OSU Extension

\$25,000 for Senior Citizen Centers

\$2,500 for Kiowa County Historical Society, with the remaining balance of the funds to the Kiowa County Sheriff's Office.

For the fiscal year 2003, the County collected \$231,701 and distributed \$212,006 in the Sales Tax Account.

Schedule of Expenditures of Federal Awards

KIOWA COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>		
Passed through the Oklahoma Department of Commerce:		
Courthouse Handicap Accessibility	14.228	<u>\$ 30,442</u>
 <u>U.S. DEPARTMENT OF JUSTICE</u>		
Office of Community Oriented Policing Service:		
COPS Universal Hiring	16.710	<u>16,614</u>
 <u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</u>		
Passed through the Oklahoma Department of Civil Emergency Management:		
Public Assistance FEMA	83.544	922
Public Assistance FEMA	83.544	640,073
Public Assistance FEMA	83.544	300,926
Public Assistance FEMA	83.544	1,884
Total Federal Emergency Management Agency		<u>943,805</u>
 Total Expenditures of Federal Awards		 <u><u>\$ 990,861</u></u>

KIOWA COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Kiowa County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**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
KIOWA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Kiowa County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated April 19, 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 Kiowa 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 1999-1. We also noted a certain immaterial instance of noncompliance, which we have reported to management and is included in Section 4 of the schedule of findings and questioned costs, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kiowa 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 condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

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, we believe that the reportable condition described above is not a material weakness. We also noted a certain matter involving the internal control over financial reporting, which we have reported to management and is included in Section 4 of the schedule of findings and questioned costs, contained within this report.

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, federal awarding agencies, and pass-through entities 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

April 19, 2004

**Report on Compliance With Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance With
OMB Circular A-133**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**Report on Compliance With Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance With
OMB Circular A-133**

TO THE OFFICERS OF
KIOWA COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Kiowa County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

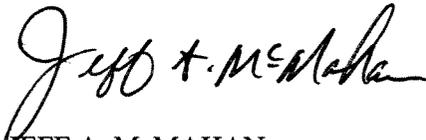
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, federal awarding agencies, and pass-through entities 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

April 19, 2004

Schedule of Findings and Questioned Costs

KIOWA COUNTY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2003

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified? No

• Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? No

• Reportable condition(s) identified that are not considered to be material weakness(es)? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs

CFDA Number(s)

83.544

Name of Federal Program or Cluster

Federal Emergency Management Agency (FEMA)
 Public Assistance Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

SECTION 2 - 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 1999-1 – Employee Dependent Insurance Compensation (Repeat Finding)

Criteria: The Constitution of the United States of America, Amendment 14, “No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.”

Additionally, Bulletin 95-16 provides the following guidance: “A county may be providing dependent health insurance coverage to some but not all officers and employees. A grand jury decision may very well affect the legality of the County policy with regard to employee dependent insurance. This could have a very detrimental effect on your county if you are also in violation of employees rights.”

Condition: Highway and sheriff employees’ dependant insurance coverage is paid by the County. Other County employees do not receive this fringe benefit.

Recommendation: We recommend the County adhere to the Constitution of the United States, Amendment 14, which provides for equal treatment of all citizens. Further, we recommend advice be obtained for the County’s legal representative regarding unequal treatment of County employees as established by a District Court case in Latimer County, No. C-93-62, Brinkly vs Board of County Commissioners. In this case, County Commissioners were paying dependent health insurance for their employees. The Court ruled that unequal treatment was given to these employees, because the benefit was not offered to all the County employees.

Management Response: As of January 1, 2004, the Sheriff no longer has employees that receive fringe benefits from the County for dependant health insurance.

Finding 2003-1 – Disaster Recovery Plan

Criteria: According to the standards of the Information Systems Audit and Control Association’s (COBIT) Delivery and Support Control Objectives (DS4), management should have procedures in place to ensure continuous computer services. Plans should be developed and tested to minimize business disruption during times of disaster or hardware failure. The Disaster Recovery Plan should include all of the following:

- Guidelines on how to use the recovery plan
- Emergency procedures to ensure the safety of all affected staff members
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel
- Listing of systems requiring alternatives (hardware, peripherals, software)

KIOWA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

- Listing of highest to lowest priority applications, required recovery times and expected performance norms
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc., and a source and alternative source defined
- Training and/or awareness of individual and group roles in continuity plan
- Listing of contracted service providers
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals, and program/system/user documentation
- Current names, addresses, telephone/pager numbers of key personnel
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available

Condition: Our review of the Treasurer's system backups and plans for ensuring continuous computer service found no offsite storage of the backup tapes and no written Disaster Recovery Plan.

Effect: The lack of an effective and adequate Disaster Recovery Plan could result in potential loss of the County's:

- Ad Valorem information
- Taxpayer and land information
- State and federal reporting data
- Financial information.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of County's financial and non-financial data. Adequate backups of the data and programs are an essential part of any recovery plan. The file server should be backed up every workday. One day a week the backup tape should be stored offsite at a location away from the courthouse. Other tapes used during the week should be stored in a fireproof container in the County office. There should be complete month end backup tapes for at least three months of prior work, giving the County officer the ability to restore data and programs if the need arises.

Management Response: The County Treasurer is currently working on a written Disaster Recovery Plan.

SECTION 3 – Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.

No matters were reported.

KIOWA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

SECTION 4 - 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.

2003-2 - Timely Encumbrance of Purchase Orders

Criteria: Title 19 O.S. 2001, § 1505D(1)(2) states, "The procedure for the purchase of...shall be as follows: (1) The county purchasing agent shall prepare a purchase order...and submit it...to the county clerk; (2) The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order;..." In addition, Title 19 O.S. 2001, § 1505E(2)(3) states, "...Upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered; (3) If no such purchase order has been provided the receiving officer refuses delivery of the item..."

Condition: Four exceptions were noted in 52 purchase orders tested (7.7%), in which goods or services were received prior to funds being encumbered.

Recommendation: We recommend the County place an emphasis on encumbering funds prior to receiving goods or services in accordance with Title 19 O.S. 2001, § 1505D(1)(2) and E(2)(3).

Management Response: The County officials will strive to timely encumber each purchase prior to receiving the goods or services.

2003-3 - Time Accounting

Criteria: Effective internal controls include accounting procedures for county employees to maintain timesheets in order to properly account for time worked by employees and leave taken.

Condition: The Sheriff's employees did not complete timesheets for fiscal year 2003.

Recommendation: We recommend all officers maintain timesheets for each employee that accrues leave and takes leave to provide effective internal control over time keeping.

Management Response: The Sheriff started keeping timesheets after the audit in April 2004.

**Statistical Data
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>JANUARY 1, 2002 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
Public Service Company of Oklahoma	\$ 2,052,041	4.63%
Alltel Oklahoma, Inc.	1,877,846	4.23%
Southwestern Bell	1,519,280	3.43%
Natural Gas Pipeline	1,202,218	2.72%
CR Industries of Hobart	881,739	1.99%
BP Pipeline (N. America) Inc.	693,175	1.56%
Dolese Brothers Company	476,472	1.07%
Meridian Aggregates Co LP	378,022	0.85%
ONG	364,261	0.82%
Wal-Mart	290,004	0.65%
Total	<u>\$ 9,735,058</u>	<u>21.95%</u>

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

**KIOWA 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>\$ 44,349,618</u>
Debt limit - 5% of total assessed value	<u>\$ 2,217,481</u>
Legal debt margin	<u>\$ 2,217,481</u>

**KIOWA 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	10,227
Net assessed value	\$ 44,349,618
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	\$ -

**KIOWA 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	\$6,695,135	\$8,465,670	\$31,818,870	\$2,630,057	\$44,349,618	\$6,489,135