

**KIOWA COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

April 20, 2005

TO THE CITIZENS OF  
KIOWA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kiowa County, Oklahoma, for the fiscal year ended June 30, 2004. 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. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

**KIOWA COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**TABLE OF CONTENTS**

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Kiowa County .....	iii
County Officials and Responsibilities .....	iv
Ad Valorem Tax Distribution.....	ix

FINANCIAL SECTION

Report of State Auditor and Inspector .....	1
Special-Purpose Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds .....	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - County Health Department Fund .....	6
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts.....	7
Notes to the Financial Statements .....	8

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	18
Schedule of Findings .....	20

**KIOWA COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

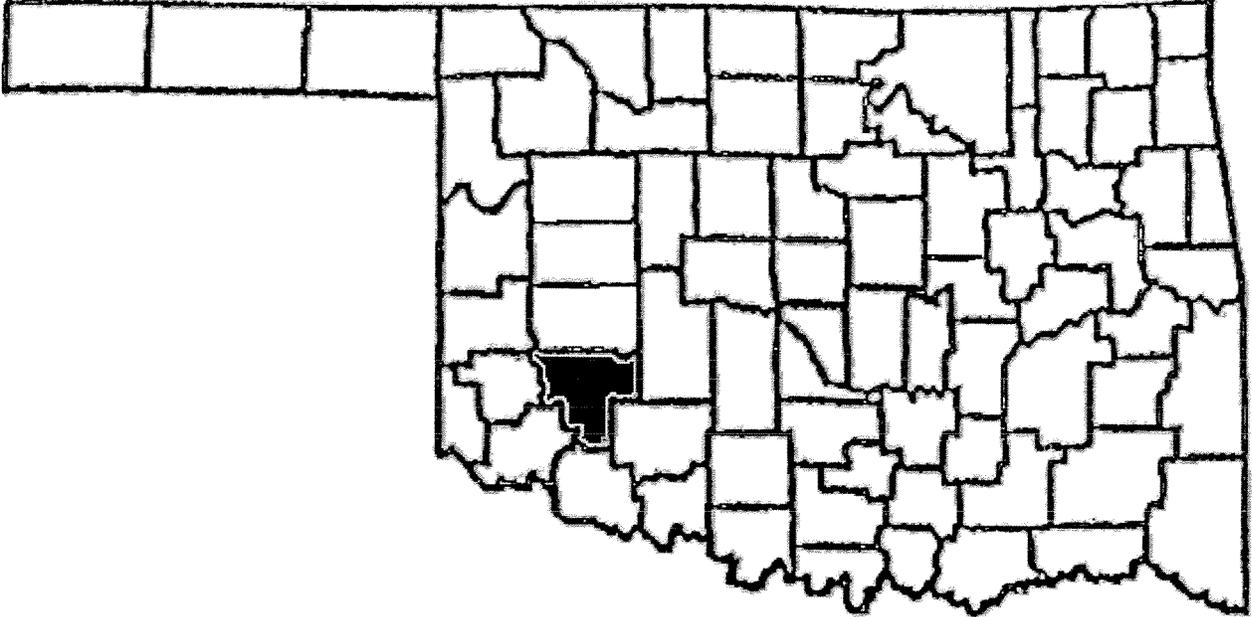
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STATISTICAL SECTION (Unaudited)

Top Ten Taxpayers.....	22
Computation of Legal Debt Margin .....	23
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	24
Assessed Value of Property .....	25

REPORT TO THE CITIZENS  
OF  
KIOWA COUNTY, OKLAHOMA

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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**

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**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.

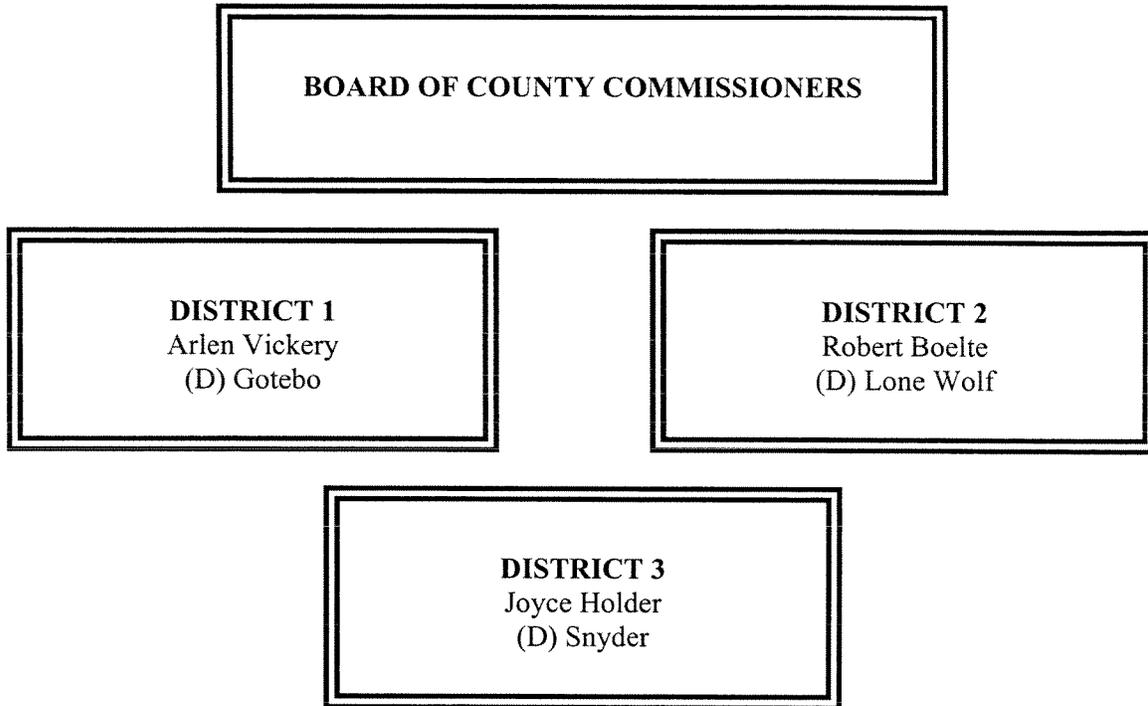
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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**

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

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

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

See independent auditor's report.

**KIOWA COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**

Buck Jones  
(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.

**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**

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**ELECTION BOARD SECRETARY**

Lynne Morris  
(D) Hobart

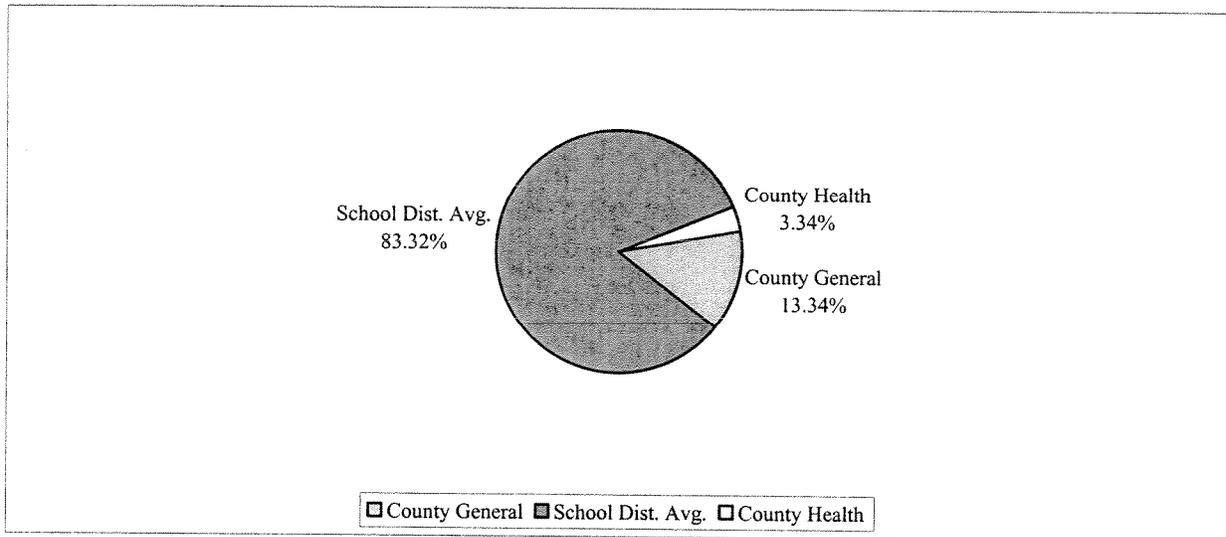
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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								
Co. General				Gen.	Bldg.	Skg.	Tech Center	Tech Center Building	Common	Total
Co. General	10.44									
County Health	2.61	Hobart	I-1	36.29	5.18	9.64	10.39	2.00	4.18	67.68
		Lone Wolf	I-2	36.60	5.23	7.21	10.39	2.00	4.18	65.61
		Mt. View-Gotebo	I-3	36.58	5.23		10.47	1.05	4.18	57.51
		Snyder	I-4	36.68	5.24		10.48	1.05	4.18	57.63
		Washita	JT-1	36.54	5.22	6.80	10.39	2.00	4.18	65.13
		Comanche	JT-2	35.16	5.02	12.68	10.48	1.05	4.18	68.57
		Caddo	JT-33	37.53	5.37	13.55	10.47	1.05	4.18	72.15
		Jackson	JT-54	36.21	5.17	11.42	10.35		4.18	67.33

See independent auditor's report.

## **Financial Section**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
KIOWA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Kiowa County, Oklahoma, as of and for the year ended June 30, 2004, 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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 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 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 county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

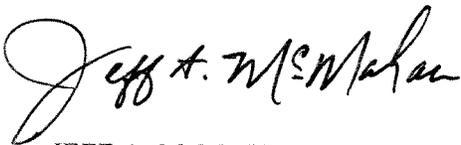
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Kiowa County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we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

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,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

March 21, 2005

**Special-Purpose Financial Statements**

**KIOWA COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
County General Fund	\$ 332,802	\$ 802,648	\$ 862,124	\$	\$ 273,326
Highway Cash	2,136,803	3,112,701	3,137,054		2,112,450
County Health Department	66,883	188,072	185,828		69,127
Resale Property	27,394	23,205	25,907		24,692
Treasurer's Mortgage Tax Certification Fee	3,030	3,290	3,000		3,320
County Clerk Lien Fee	3,058	4,756	2,809		5,005
County Clerk Records Preservation Fee	15,754	14,560	16,135		14,179
Assessor Revolving	1,365	7,931	548		8,748
Assessor Visual Inspection	142				142
Assessor Hardware Upgrade	297				297
Sheriff Service Fee	105,151	60,780	27,479		138,452
Sheriff Board of Prisoners	141,852	59,414	29,554		171,712
Sheriff COPS Grant	1		1		
Sheriff Local Law Enforcement	20,012		2,292		17,720
Sheriff Drug Fund	40				40
Community Service Sentencing Program	7,636	720	7,772		584
Juvenile Supervision	343				343
Sales Tax Account	202,925	264,162	250,446		216,641
Community Development Block Grant		44,274	44,274		
Hazard Mitigation		5,148	5,148		
Kiowa Co. Indust. Development Auth. Bldg.	930				930
Schools	19,010	2,861,893	2,862,354		18,549
Cities and Towns	8,505	127,633	125,946		10,192
Law Library	4,982	6,243	9,598		1,627
Emergency Medical Service	34,863	69,552	66,413		38,002
Refund	35	488	417		106
Excess Resale	922	108			1,030
Protest Tax	60,073	494	60,567		
National Rifle Association	2,759		2,500		259
Official Depository	158,544	1,119,313	1,005,515	1,896	274,238
<b>Total County Funds</b>	<u>\$ 3,356,111</u>	<u>\$ 8,777,385</u>	<u>\$ 8,733,681</u>	<u>\$ 1,896</u>	<u>\$ 3,401,711</u>

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, 2004**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 332,802	\$ 332,802	\$ 332,802	\$ -
Less: Prior Year Outstanding Warrants	(47,623)	(47,624)	(47,624)	
Less: Prior Year Encumbrances	(1,186)	(1,186)	(1,186)	
Beginning Cash Balances, Budgetary Basis	<u>283,993</u>	<u>283,992</u>	<u>283,992</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	430,181	430,181	472,253	42,072
Charges for Services			137,655	137,655
Intergovernmental Revenues	31,902	150,750	122,133	(28,617)
Miscellaneous Revenues	30,000	30,000	70,607	40,607
Total Receipts, Budgetary Basis	<u>492,083</u>	<u>610,931</u>	<u>802,648</u>	<u>191,717</u>
Expenditures:				
County Sheriff	182,825	182,825	182,825	
Capital Outlay				
Total County Sheriff	<u>182,825</u>	<u>182,825</u>	<u>182,825</u>	<u>-</u>
County Treasurer	103,917	103,333	103,333	
Capital Outlay				
Total County Treasurer	<u>103,917</u>	<u>103,333</u>	<u>103,333</u>	<u>-</u>
County Commissioners		3,731	85	3,646
Capital Outlay				
Total County Commissioners	<u></u>	<u>3,731</u>	<u>85</u>	<u>3,646</u>
County Clerk	136,911	140,151	140,151	
Capital Outlay				
Total County Clerk	<u>136,911</u>	<u>140,151</u>	<u>140,151</u>	<u>-</u>
Court Clerk	79,723	172,656	171,767	889
Capital Outlay				
Total Court Clerk	<u>79,723</u>	<u>172,656</u>	<u>171,767</u>	<u>889</u>
County Assessor	65,468	64,468	64,043	425
Capital Outlay		1,000	834	166
Total County Assessor	<u>65,468</u>	<u>65,468</u>	<u>64,877</u>	<u>591</u>
Revaluation of Real Property	65,748	65,798	58,910	6,888
Capital Outlay				
Total Revaluation of Real Property	<u>65,748</u>	<u>65,798</u>	<u>58,910</u>	<u>6,888</u>
General Government	77,718	96,958	95,270	1,688
Capital Outlay				
Total General Government	<u>77,718</u>	<u>96,958</u>	<u>95,270</u>	<u>1,688</u>
Excise-Equalization Board	4,254	4,254	2,757	1,497
Capital Outlay				
Total Excise-Equalization Board	<u>4,254</u>	<u>4,254</u>	<u>2,757</u>	<u>1,497</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, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	52,979	53,216	52,271	945
Capital Outlay				
Total County Election Board	52,979	53,216	52,271	945
County Audit Budget	4,533	4,533	4,533	
Total County Audit Budget	4,533	4,533	4,533	-
Provision for Interest on Warrants	2,000	2,000		2,000
 Total Expenditures, Budgetary Basis	 776,076	 894,923	 876,779	 18,144
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	209,861	\$ 209,861
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			5,271	
Add: Current Year Outstanding Warrants			58,194	
Ending Cash Balance			<u>\$ 273,326</u>	

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 FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 66,883	\$ 66,883	\$ 66,883	\$ -
Less: Prior Year Outstanding Warrants	(26,222)	(26,222)	(26,222)	
Beginning Cash Balances, Budgetary Basis	<u>40,661</u>	<u>40,661</u>	<u>40,661</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	107,545	107,545	118,064	10,519
Intergovernmental Revenue	75,000	94,938	69,788	(25,150)
Miscellaneous Revenues			220	220
Total Receipts, Budgetary Basis	<u>182,545</u>	<u>202,483</u>	<u>188,072</u>	<u>(14,411)</u>
Expenditures:				
Health and Welfare	218,206	238,144	161,925	76,219
Capital Outlay	5,000	5,000		5,000
Total Expenditures Budgetary Basis	<u>223,206</u>	<u>243,144</u>	<u>161,925</u>	<u>81,219</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	66,808	<u>\$ 66,808</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			297	
Add: Current Year Outstanding Warrants			2,022	
Ending Cash Balance			<u>\$ 69,127</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, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
District Court Clerk	\$ 104,606	\$ 575,304	\$ 465,995	\$ 992	\$ 214,907
District Court Fund	33,623	247,421	251,344	115	29,815
Court Clerk Revolving	3,986	10,345	6,780		7,551
County Treasurer	3,181	26,013	26,102	531	3,623
County Assessor Revolving		6,253	6,253		
County Clerk	7,797	81,866	81,259		8,404
County Sheriff	44				44
County Sheriff Service Fee		3,854	3,854		
Kiowa County Ind. Dev. Auth. Bldg.		75,000	75,000		
Free Fair	3,177	6,731	4,394		5,514
County Health Department		71,727	71,727		
County Election Board	1,494	12,822	10,295	258	4,279
District Attorney Drug Account	38	1,857	1,895		
District Attorney Witness Fee	598	120	617		101
<b>Total Official Depository Accounts</b>	<b>\$ 158,544</b>	<b>\$ 1,119,313</b>	<b>\$ 1,005,515</b>	<b>\$ 1,896</b>	<b>\$ 274,238</b>

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

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 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. Funds presented are established by statute, and their operations are under the control of the County officials.

B. Fund Accounting

A government entity 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 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.

**KIOWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

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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 Comparative Statements of Receipts, Expenditures, and Changes in Fund Balances - Budget and Actual - for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the 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, 2004.

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 in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group (ACCO-SIG).	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	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 chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$25,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

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 \$3,401,711 and the bank balance was \$3,408,320. 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 and § 348.3 allow the following types of investments:

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

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 are for the purpose of constructing and maintaining county roads and bridges.

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

Detailed Notes on Funds and Account Balances (continued)

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

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

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

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

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

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

Assessor Hardware Upgrade - accounts for the collection and disbursements of funds received from the State of Oklahoma for the upgrade of Assessor computer equipment.

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

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

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

Sheriff Local Law Enforcement – accounts for the collection of contracts for law enforcement of surrounding cities and towns and disbursement for personal services.

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

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

Juvenile Supervision – accounts for collection of state funds to provide housing for juveniles.

**KIOWA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

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

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

Hazard Mitigation – accounts for federal funds for disbursement to SWODA for hazard mitigation program.

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

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

Cities and Towns – accounts for Oklahoma Tax Commission collections distributed to the cities of the County and for cemetery investments.

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 ad valorem taxes and remitted to them monthly.

Refund – accounts for overpayment of taxes.

Excess Resale – accounts for the proceeds of sale of property in excess of tax against property and disbursed in accordance with state statutes.

Protest Tax – accounts for collections of ad valorem taxes, which have protested.

National Rifle Association – accounts for monies received from a private foundation and disbursements made for earplugs and bullets for OSU Extension training purposes.

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

The accounts within the Official Depository Fund are described as follows:

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

**KIOWA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Detailed Notes on Funds and Account Balances (continued)

District Court Fund – accounts for fees transferred from District Court Clerk Account and interest. Money is disbursed for the purpose of fees for various entities, salaries, and the operation of the 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.

County Sheriff Service Fee – accounts for the collection of service fees and disbursements are vouchered 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.

County 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.

Detailed Notes on Funds and Account Balances (continued)

District Attorney 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, 2003, was approximately \$45,325,586.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 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, 2004, were approximately 93 percent of the tax levy.

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

Detailed Notes on Funds and Account Balances (continued)

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.

**KIOWA COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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5.     Sales Tax

On April 6, 1993, Kiowa County voters approved a sales tax of .5%. The duration of the sales tax is unlimited. The money derived from the sales tax is distributed as follows: \$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 2004, the County collected \$264,162 and distributed \$250,446 in the Sales Tax Account.

**Internal Control and Compliance Section**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
KIOWA COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Kiowa County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated March 21, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 as item 2004-1.

A material weakness is a reportable 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 caused by error or fraud 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 consider item 2004-1 to be a material weakness.

Compliance and Other Matters

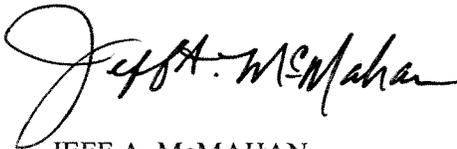
As part of obtaining reasonable assurance about whether Kiowa County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we reported to management of Kiowa County and is included in Section 2 of the schedule of findings, 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 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

March 21, 2005

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

**Finding 2004-1 - Segregation of Duties**

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: The limited number of office personnel within the County Sheriff's office prevents a proper segregation of accounting functions, which is necessary to assure an adequate internal control structure.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of those operations.

Management Response: We concur with the auditor's comments and will conduct periodic reviews of County Sheriff's office operations.

**SECTION 2 - Other Findings - This section contains findings not required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, 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 2004-2 - Fixed Assets - County Identification**

Criteria: Title 69 O.S. 2001, § 645 states that 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, 19 O.S. 2001, § 1502.B. states that a uniform identification system shall be implemented for items of \$250 or more.

**KIOWA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
JUNE 30, 2004**

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Condition:

1. The test of compliance of fixed assets inventory revealed that several items were not labeled with proper identification numbers in District 1. In District 1, one item was misnumbered. In District 1 and 3, two pieces of equipment bore identical numbers.
2. The test of compliance of fixed assets inventory revealed that several items were not labeled or were not on inventory with the County Clerk for the various offices stated below.
3. The test of compliance of fixed assets inventory revealed that one new purchase was not labeled with proper identification numbers in the Assessor's office.

Recommendation: We recommend that the Districts maintain inventories on all equipment bought with county funds (capital outlay accounts). These items also need to be properly labeled and numbered with the County name and identification number as per 69 O.S. 2001, § 645.

Management Corrective Action Plan: The County Clerk's office continues to update inventory records and verify those records with each official.

**Statistical Section  
(Unaudited)**

**KIOWA COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)**

<b>TAXPAYER</b>	<b>JANUARY 1, 2003 NET ASSESSED VALUATION</b>	<b>% OF TOTAL NET VALUATION</b>
Public Service Co. of Ok	\$ 2,062,294	4.55%
Alltel Oklahoma Inc.	1,833,283	4.04%
CR Industries of Hobart	1,333,562	2.94%
Natural Gas Pipeline	1,296,415	2.86%
Southwestern Bell Telephone	1,151,499	2.54%
BP Pipeline (N America) Inc.	719,556	1.59%
Dolese Brothers Co.	527,965	1.17%
Meridian Granite Company	381,441	0.84%
Oklahoma Natural Gas	354,506	0.78%
Wal-Mart Stores Inc.	292,579	0.65%
Total	<u>\$ 9,953,100</u>	<u>21.96%</u>

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

**KIOWA COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2004  
(UNAUDITED)**

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Total net assessed value as of January 1, 2003		<u>\$ 45,325,586</u>
Debt limit - 5% of total assessed value		\$ 2,266,279
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 2,266,279</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, 2004  
(UNAUDITED)**

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	2004
Estimated population	10,227
Net assessed value as of January 1, 2003	\$ 45,325,586
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, 2004  
(UNAUDITED)**

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<u>Valuation Date</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>
1/1/2003	\$7,060,985	\$8,530,281	\$32,282,958	\$2,548,638	\$45,325,586	\$6,347,613