



COTTON COUNTY

County Audit

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**COTTON COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.

September 17, 2019

TO THE CITIZENS OF
COTTON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Cotton County, Oklahoma for the fiscal year ended June 30, 2018. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**COTTON COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Board of County Commissioners

District 1 – Edward Eschiti
District 2 – Ricky Vardell
District 3 – Greg Powell

County Assessor

Debbie Sturdivant

County Clerk

Nikki Vardell

County Sheriff

Kent Simpson

County Treasurer

Tammy Morris

Court Clerk

Janet Shively

District Attorney

Fred C. Smith

**COTTON COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information).....	4
Notes to the Financial Statement.....	5

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	13
Note to Other Supplementary Information.....	14

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>	15
Schedule of Findings and Responses	17

FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
COTTON COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Cotton County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by Cotton County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Cotton County as of June 30, 2018, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Cotton County, for the year ended June 30, 2018 in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the financial statement.

The other supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2019, on our consideration of Cotton 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 solely 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 effectiveness of the County’s internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cotton County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 9, 2019

REGULATORY BASIS FINANCIAL STATEMENT

COTTON COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
County General Fund	\$ 369,235	\$ 1,259,232	\$ 118	\$ -	\$ 1,129,776	\$ 498,809
County Highway Fund	2,410,763	2,415,679	-	98,049	2,387,282	2,341,111
County Health Department	102,490	99,345	-	-	96,124	105,711
Free Fair Building	204	-	-	-	-	204
Sheriff Forfeiture	41	-	-	-	-	41
Sheriff D.A.R.E.	419	-	-	-	-	419
Assessor Visual Inspection	2,216	-	-	-	-	2,216
Assessor Revolving Fee	8,234	2,205	-	-	-	10,439
Sheriff Reserves	20	-	-	-	-	20
Sheriff Service Fee	38,462	72,843	-	50	66,760	44,495
Board of Prisoners	33,206	42,858	-	-	55,273	20,791
Resale Property	110,341	48,150	-	-	47,071	111,420
Treasurer Mortgage Tax Certification Fee	2,061	1,170	-	-	325	2,906
County Clerk Lien Fee	15,914	2,659	-	-	2,720	15,853
Glessner Fund	46,983	-	-	-	10,315	36,668
Free Fair Premiums	2,810	2,400	-	-	1,496	3,714
Sheriff Equipment and Training	42	-	-	42	-	-
Sheriff Commissary	7,184	12,680	-	-	15,269	4,595
Sheriff Donations	224	2,024	-	-	873	1,375
Free Fair Donations	8,415	13,334	-	-	15,383	6,366
Sheriff Drug Fund	24	-	-	24	-	-
County Clerk Records Preservation	14,678	7,128	-	-	4,027	17,779
Emergency 911	313,111	59,223	153,661	-	56,618	469,377
Littering Reward Fund	1,743	-	-	-	-	1,743
Emergency Management Grant	27,798	26,798	-	-	10,326	44,270
Emergency 911-2W	109,246	46,075	-	153,661	1,660	-
ACCO Insurance Damage Repairs Fund	51,584	7,685	-	-	59,269	-
Court Fund Payroll	-	83,200	-	-	83,200	-
Combined Total - All County Funds	\$ 3,677,448	\$ 4,204,688	\$ 153,779	\$ 251,826	\$ 4,043,767	\$ 3,740,322

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

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Cotton County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

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

B. Fund Accounting

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

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

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

County Highway Fund – accounts for state, local, and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

Free Fair Building – accounts for insurance reimbursements and other miscellaneous revenue and disbursements are to repair the Free Fair Building.

Sheriff Forfeiture – accounts for funds collected from forfeitures to be used for the intervention and prevention of narcotic use.

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Sheriff D.A.R.E. – accounts for grant monies and donations received by the Sheriff’s office for the D.A.R.E. program and disbursements are used for drug prevention, education, and awareness.

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

Assessor Revolving Fee – accounts for the collection of fees for copies and disbursement of funds as restricted by state statute.

Sheriff Reserves – accounts for the collection and disbursement of donations to the Sheriff’s reserve deputies.

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

Board of Prisoners – accounts for the collection of state miscellaneous receipts and disbursements for the purpose of maintaining the jail.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and disposition of sale as restricted by state statute.

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

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

Glessner Fund – accounts for the collection of rental revenue of farms donated to the County and disbursements for the needs of the County as determined by the Board of County Commissioners.

Free Fair Premiums – accounts for monies collected from donations for the payment of premiums to livestock and 4H project participants.

Sheriff Equipment and Training – accounts for the proceeds from sales of unclaimed property and disbursements are expended for training, uniforms, and equipment use in crime prevention and detection.

Sheriff Commissary – accounts for the collection from the sale of items to inmates and disbursements to purchase commissary goods from the vendor and can be used for maintenance and operation of the jail.

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Sheriff Donations – accounts for monies received from donations and fundraisers and are expended for the operation of the Sheriff's office.

Free Fair Donations – accounts for the collection of donations and rentals of the Expo building and the disbursements associated with maintaining the Expo building.

Sheriff Drug Fund – accounts for the collection of monies of the Sheriff's percentage of drug forfeitures, and disbursements are used for drug prevention, education, and awareness.

County Clerk Records Preservation – accounts for fees collected for instruments filed in the County Clerk's office and disbursements as restricted by state statute for preservation of records.

Emergency 911 – accounts for receipt of fees for the purpose of maintaining a 911 service.

Littering Reward Fund – accounts for monies received from donations and expended for information that leads to the capture of those illegally dumping trash.

Emergency Management Grant – accounts for funds received from the State of Oklahoma and disbursed for the operations of the Emergency Management office.

Emergency 911-2W – accounts for the receipt of fees for the purpose of maintaining a 911 service.

ACCO Insurance Damage Repairs Fund – accounts for funds received from an insurance claim for damages on courthouse, sheriff's office and expo building.

Court Fund Payroll – accounts for monies received from the Court Clerk's Court Fund for the disbursement of payroll to Court Fund employees.

C. Basis of Accounting

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

C. Contingent Liabilities

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

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. Sales Tax

Sales Tax of March 1, 1984

The voters of Cotton County approved a one percent sales tax for general operations and county roads on February 7, 1984. The sales tax is for an unlimited duration and became effective March 1, 1984. These funds are accounted for within the County General Fund.

Sales Tax of July 1, 2013

The voters of Cotton County approved a one-quarter of one cent sales tax through a special election on April 2, 2013, with proceeds designated to conduct Cotton County's portion of the cost for maintaining the Cotton County Cooperative Extension Center and became effective July 1, 2013 for the duration of five years. These funds are accounted for within the County General Fund.

Sales Tax of July 1, 2015

The voters of Cotton County approved a permanent county sales tax of three-fourths of one cent through a special election on March 3, 2015, in addition to any and all existing sales tax, provided that the revenues from such tax be allocated and used for the purpose of support in maintaining, continuing, equipping and purchasing of Cotton County, Oklahoma operations. These operations include, but are not limited to, maintenance and/or construction of buildings or facilities, equipment purchases, personnel salaries, property maintenance and upkeep, road and bridge maintenance, and daily operations of Cotton County, Oklahoma. These funds are accounted for within the County General Fund.

**COTTON COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

E. Interfund Transfers

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

- \$98,049 was transferred from County Highway Fund to Emergency Transportation Revenue (a trust and agency fund) to separate funds by Board of County Commissioner (BOCC) resolution.
- \$50 transferred from the Sheriff Service Fee Fund to the County General Fund to correct a prior year apportionment error.
- \$42 of residual balance was transferred from the Sheriff Equipment and Training fund to the County General Fund by BOCC resolution to close the fund.
- \$24 of residual balance was transferred from the Sheriff Drug Fund to the County General Fund by BOCC resolution to close the fund.
- \$2 of residual balance was transferred from the Oklahoma Bar Foundation Fund (a trust and agency fund) to the County General Fund by BOCC resolution to close the fund.
- \$153,661 transferred from Emergency 911-2W fund to Emergency 911 fund by BOCC resolution to close the fund.

OTHER SUPPLEMENTARY INFORMATION

COTTON COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 369,235	\$ 369,235	\$ -
Less: Prior Year Outstanding Warrants	(60,879)	(60,879)	-
Less: Prior Year Encumbrances	(5,570)	(4,003)	1,567
Beginning Cash Balances, Budgetary Basis	<u>302,786</u>	<u>304,353</u>	<u>1,567</u>
Net Residual Transfer	-	68	68
Total Receipts, Budgetary Basis	<u>1,145,815</u>	<u>1,259,232</u>	<u>113,417</u>
Expenditures:			
Total Expenditures, Budgetary Basis	<u>1,448,601</u>	<u>1,149,008</u>	<u>299,593</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	414,645	<u>\$ 414,645</u>
Net Operating Transfers		50	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		70,373	
Add: Current Year Encumbrances		13,741	
Ending Cash Balance		<u>\$ 498,809</u>	

COTTON COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 102,490	\$ 102,490	\$ -
Less: Prior Year Outstanding Warrants	(9,193)	(9,193)	-
Less: Prior Year Encumbrances	(5,855)	(3,235)	2,620
Beginning Cash Balances, Budgetary Basis	<u>87,442</u>	<u>90,062</u>	<u>2,620</u>
 Total Receipts, Budgetary Basis	 <u>92,706</u>	 <u>99,345</u>	 <u>6,639</u>
 Total Expenditures, Budgetary Basis	 <u>180,148</u>	 <u>103,154</u>	 <u>76,994</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 86,253	 <u>\$ 86,253</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		24	
Add: Current Year Encumbrances		1,430	
Add: Current Year Outstanding Warrants		<u>18,004</u>	
Ending Cash Balance		<u>\$ 105,711</u>	

COTTON COUNTY, OKLAHOMA
NOTE TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

TO THE OFFICERS OF
COTTON COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Cotton County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises Cotton County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 9, 2019.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2018, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Cotton County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Cotton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cotton County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or



detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2018-001, 2018-002, and 2018-005.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2018-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cotton County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-005.

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

Cotton County's Response to Findings

Cotton County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Cotton County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 9, 2019

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-001 – Inadequate County-Wide Controls. (Repeat Finding - 2010-001, 2012-001, 2013-001, 2014-001, 2015-001, 2017-001)

Condition: County-wide controls regarding Risk Assessment and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address Risk Assessment and Monitoring in the County.

Effect of Condition: This condition does not allow the County to function in the most effective manner possible. Additionally, without written documentation of the county-wide controls, it is more difficult to retain organizational knowledge, communicate that knowledge to personnel, indicate what internal controls are present and monitor those controls.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design and implement policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:

Chairman, Board of County Commissioners: The Board of County Commissioners will work toward assessing and identifying risks to design written county-wide controls.

Criteria: The United States Government Accountability Office's Standards for Internal Control in the Federal Government (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

OV1.01 Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Risk Assessment Overview: Having established an effective control environment, management assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses. Management assesses the risks the entity faces from both external and internal sources.

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Monitoring Overview: Since internal control is a dynamic process that has to be adapted continually to the risks and changes an entity faces, monitoring of the internal control system is essential in helping internal control remain aligned with changing objectives, environment, laws, resources, and risks. Internal control monitoring assesses the quality of performance over time and promptly resolves the findings of audits and other reviews. Corrective actions are a necessary complement to control activities in order to achieve objectives.

Finding 2018-002 – Inadequate Internal Controls Over the County’s Financial Statement (Repeat Finding - 2017-002)

Condition: Cotton County has not designed and implemented internal controls to accurately present the County’s financial statement. During the review and reconciliation of the financial statement as prepared by the County, we determined that the beginning cash balance was understated \$502,011, revenues were understated \$223,348, transfers in was understated \$251,709, transfers out was understated \$158,053, disbursements were understated \$206,952, and the ending cash balance was understated \$612,063. The misstatement was due to Emergency Management Grant, Emergency 911, Emergency 911-2W, ACCO Insurance Damage Repairs, and Emergency Management Grant Donations, all county funds, were presented as trust and agency funds. Court Fund Payroll, a county fund, was not separated from official depository, a trust and agency fund. Further, Excess Resale and Estray Cattle, Trust and Agency funds, were reported as county funds.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the County’s financial statement is accurately presented.

Effect of Condition: This condition resulted in the County’s financial statement being materially understated.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure the financial statement is accurately presented.

Management Response:

Chairman, Board of County Commissioners: We will review the County’s financial statement and ensure all county funds are accurately presented before approval by the Board of County Commissioners.

County Treasurer: We will report only county funds on the County’s financial statement to ensure it is accurately presented.

Criteria: The County is required to present a financial statement for each fiscal year ended June 30. Title 19 O.S. § 171 states, in part, "Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting."

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: “The concept of an independent audit requires that the auditor's role does not involve assuming management's responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

Finding 2018-004 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding - 2007-005, 2008-005, 2010-007, 2012-007, 2013-004, 2014-004, 2015-004, 2017-004)

Condition: Inquiry of personnel and the audit of fifty-eight (58) disbursements reflected the following:

- The signature stamps of the County Clerk and the Chairman of the BOCC are utilized by deputies in the County Clerk’s office.
- One (1) disbursement was not properly encumbered in accordance with state statutes.

Further, in the review of designated requisitioning officers and receiving officers the following was reflected.

- Four (4) departments designated more than two employees as requisitioning officer in the absence of the county official:
 - Board of County Commissioners
 - District 1
 - District 2
 - District 3
- Seven (7) departments designated more than two employees as receiving officers:
 - Emergency Management
 - Board of County Commissioners
 - District 1
 - District 2
 - District 3
 - County General
 - Office of E-911
- Two (2) departments designated only one receiving officer:
 - County Sheriff
 - Office of Trash Cop
- Twelve (12) departments designated the same employee as both requisitioning officer and receiving officer:
 - Free Fair
 - Emergency Management
 - Election Board

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- Health Department
- Board of County Commissioners
- District 1
- District 2
- District 3
- County Assessor
- County Sheriff
- Office of Trash Cop
- Office of E-911

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes which could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1500-1505, 19 O.S. § 1501(A)(4), and 19 O.S. § 1503(A).

Management Response:

Chairman, Board of County Commissioners: The Board of County Commissioners will express to fellow county officials the importance of County funds being encumbered prior to the receipt of goods and/or services and we will request the designation of requisitioning and receiving officers be in accordance with Oklahoma Statutes. We will work toward having only the owner of the signature stamp use the stamp.

County Clerk: We will work toward having only the owner of the stamps use the stamps.

Criteria: GAO Standards states in part,

10.03 Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

Title 19 O.S. § 1501(A)(4) states in part, “Each county officer may designate not more than two employees who also shall be authorized to sign requisitions in the absence of the county officer.”

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Title 19 O.S. § 1503(A) states in part, “Each county officer shall designate two (2) employees to act as receiving officers for their departments.”

Finding 2018-005 – Inadequate Internal Controls and Noncompliance Over the Discrete Presentation of Sales Tax (Repeat Finding – 2010-008, 2012-010, 2014-005, 2015-005, 2017-005)

Condition: Upon inquiry and observation of the recordkeeping process of collecting and expending county sales tax, the following was noted:

- Independent oversight by the BOCC does not exist for the re-calculation of sales tax that should be appropriated to the General Fund, which is prepared by an outside firm.
- The County sales tax was deposited into the County General Fund as specified by 68 O.S. § 1370E and identified as such as a revenue source. However, although Oklahoma Extension Cooperative (OSU Extension) is discretely presented, other sales tax funds appropriated to County Clerk, County Sheriff, General Government, Insurance-Benefits were comingled with other General Fund money and therefore, specific expenditures made with sales tax funds for these accounts within the General Fund could not be identified.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with AG Opinions and 68 O.S. 1370E. Further, the BOCC has not established, through Resolution, the amount or percentage of sales tax that should be appropriated to each account within the General Fund.

Effect of Condition: These conditions resulted in noncompliance with the AG Opinions and state statute.

Recommendation: OSAI recommends that internal controls be designed and implemented to ensure sales tax collections are appropriated in accordance with the sales tax ballot; specifically, through BOCC Resolution, management should establish amounts or percentages to discretely present sales tax funds appropriated into separate accounts within the General Fund in accordance with the AG Opinions and 68 O.S. § 1370E.

Management Response:

Chairman, Board of County Commissioners: We will adopt a yearly Resolution establishing the appropriation of sales tax funds into the County General Fund to ensure the discrete presentation of sales tax collections. We will ensure, through review, the calculation of the appropriation for sales tax funds is accurate.

Criteria: GAO Standards states in part,

10.03 Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Title 68 O.S. § 1370E requires the sales tax collections to be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Further, AG opinion 2005 OK AG 23 dated 7/13/2005 states:

3. Proceeds of a county sales tax voted for a specific purpose but placed in the county's General fund must be accounted for as a discrete fund, and any surplus not needed for the stated purpose during one fiscal year must be transferred to the county budget for the next fiscal year, for the same specified purpose.

Additionally, AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X § 19; 68 O.S. 2011, § 1370; 19 O.S. Supp. 2013, § 339; 19 O.S. 2011, § 345; Cavin v. Bd of County Comm'rs, 1943 OK 245 ¶ 11, 33 P.2d 477, 479.

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2018-011 – Inadequate Internal Controls and Noncompliance Over the Court Clerk Collections and Court Fund Disbursements Process (Repeat Finding - 2010-009, 2012-011, 2013-011, 2014-011, 2015-011, 2017-011)

Condition: Upon inquiry and the observation of records, with regards to the Court Clerk collection process and the disbursement process of Court Fund, the following was noted:

- All employees issue receipts and work from one cash drawer.
- One (1) employee is responsible for printing vouchers, comparing vouchers to the claim which the employee may have prepared, signing vouchers, registering vouchers with the County Treasurer, and distributing vouchers.

Further, during the audit of ten (10) Court Fund claims, the following was reflected:

- One (1) claim was missing support documentation.
- Three (3) claims were not signed by the claimant.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to a segregation of duties over all aspects of the collections and disbursement process for the Court Fund.

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in the untimely detection of unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine how to implement internal controls over the collections and disbursement process for the Court Fund in compliance with 20 O.S. § 1304.

Management Response:

Court Clerk: We will work to correct these conditions.

Criteria: GAO Standards states in part,

10.03 Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Title 20 O.S. § 1304 provides guidance with regards to the expenditure process for the Court Fund.

Finding 2018-012 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding - 2007-007, 2008-006, 2010-010, 2012-012, 2013-012, 2014-012, 2015-012, 2017-012)

Condition: Upon inquiry and the observation of records of the Inmate Trust Fund Checking Account and the Commissary Fund, the following was noted:

- One (1) employee is primarily responsible for inputting inmate deposits into the commissary system, preparing deposit slips, depositing with the financial institution, preparing checks, posting transactions to inmate records, and reconciling the Inmate Trust Fund Checking Account to the bank statement at the end of each month.
- Although the deposit slip is reviewed, deposits are not made to the financial institution on a daily basis as required by 19 O.S. § 682.
- Independent oversight does not exist over voided receipts.
- The Inmate Trust Fund Checking Account balance is not reconciled to the total of the inmate ledger which specifies the amount held by each inmate.
- The County Sheriff does not file an annual report for the Commissary Fund with the Board of County Commissioners by January 15th of each year.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that internal controls are in place with regards to the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Effect of Condition: These conditions resulted in noncompliance with state statutes. A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in the untimely detection of unrecorded transactions, misstated financial reports, and clerical errors. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no one employee is able to perform all accounting functions. Also, it is recommended that deposits be made daily and that two people reconcile bank statements monthly to the inmate accounts, as well as the ledger, with evidence of review documented with initials and date.

Further, OSAI recommends disbursements be made in accordance with 19 O.S. § 531A and for the County Sheriff's office to file an annual report for the Commissary Fund with the Board of County Commissioners by January 15th of each year in accordance with 19 O.S. § 180.43D.

Management Response:

Court Sheriff: We will work to implement review processes, deposit daily, as well as, begin making a yearly report and having it approved by the Board of County Commissioners.

Criteria: GAO Standards states in part,

10.03 Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Title 19 O.S. § 682 states in part, "It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office..."

Title 19 O.S. § 531(A) states in part, "The county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account." The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Title 19 O.S. § 180.43(D) states in part, "The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding 2018-013 – Inadequate Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding - 2010-012, 2012-013, 2014-013, 2015-013, 2017-013)

Condition: Upon inquiry and observation of fixed assets, the following was noted:

County Sheriff:

- One individual is responsible for maintaining inventory records and performing the annual fixed asset verification.
- Audit evidence does not exist to support the annual physical inventory verification of fixed assets.
- The annual physical verification was not filed with the County Clerk.
- Twelve (12) items did not have the county identification number or only a partial county identification number.
- Eight (8) vehicles documented on the inventory list could not be located.
- One (1) vehicle identified was not on the inventory list.

District 3:

- Two (2) items did not have county identification numbers and were not marked with “Property of Cotton County.”
- Three (3) items were not marked with “Property of Cotton County.”

Cause of Condition: Policies and procedures have not been designed and implemented by all county offices/departments to ensure the accurate reporting of fixed assets.

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

Recommendation: OSAI recommends the County Officers implement internal controls to ensure compliance with 19 O.S. §§ 178.1, 178.2, 1502(A)(1), 1502(B)(1), and 69 O.S. § 645 regarding fixed assets.

Management Response:

County Sheriff: We will perform an annual inventory count, correctly identifying fixed assets and the list will be filed with the County Clerk.

County Commissioner District 3: We will correct the unidentified fixed assets.

Criteria: GAO Standards states in part,

10.03 Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

**COTTON COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Title 19 O.S. § 178.1 requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment.

Title 19 O.S. § 178.2 which prescribes, “It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the County Clerk.”

Title 19 O.S. § 1502(A)(1) requires the board of county commissioners to prescribe a uniform identification system for all supplies, materials and equipment used in the construction and maintenance of roads and bridges.

Title 19 O.S. § 1502(B)(1) requires the board of county commissioners to prescribe a uniform identification system for all supplies, materials, equipment and information technology and telecommunication goods of a county not used in the construction and maintenance of roads and bridges.

Title 69 O.S. § 645 which prescribes, “The board of county commissioners shall cause each piece of county-owned, rented or leased road machinery and equipment, and each automobile and truck, to be marked in accordance with the provisions of this section. County-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, on each side, in upper case letters, on a background of sharply contrasting color.”



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