



WAGONER COUNTY

Financial Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**WAGONER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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June 10, 2024

TO THE CITIZENS OF
WAGONER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Wagoner County, Oklahoma for the fiscal year ended June 30, 2022. 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.

This report is 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.

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**WAGONER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Board of County Commissioners

District 1 – James Hanning
District 2 – Chris Edwards
District 3 – Tim Kelley

County Assessor

Sandy Hodges

County Clerk

Lori Hendricks

County Sheriff

Chris Elliott

County Treasurer

Chasity Levi

Court Clerk

James “Jim” Hight

District Attorney

Jack Thorp

**WAGONER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	4
Notes to the Financial Statement.....	5

SUPPLEMENTARY INFORMATION

Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund.....	13
Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund.....	14
Note to Supplementary Information.....	15

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>	16
Schedule of Findings and Responses	18

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
WAGONER COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Wagoner County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Wagoner County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

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 (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Wagoner County as of June 30, 2022, or changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Wagoner County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

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

As described in Note 1, the financial statement is prepared by Wagoner County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances

between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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 prescribed or permitted by Oklahoma state law, 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wagoner County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 Wagoner County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wagoner County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The 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 GAAS. In our opinion, the 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 May 28, 2024, on our consideration of Wagoner 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 Wagoner County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 28, 2024

REGULATORY BASIS FINANCIAL STATEMENT

WAGONER COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 2,611,803	\$ 8,932,704	\$ 1,750,000	\$ 1,750,000	\$ 8,861,370	\$ 2,683,137
County Highway Unrestricted	3,296,195	3,109,501	-	1,988	3,013,795	3,389,913
Treasurer Mortgage Certification	412,449	26,340	-	-	24,614	414,175
Sheriff Community Service Sentencing Program	98,157	72,867	-	-	124,097	46,927
Health	4,446,679	1,745,476	-	-	3,088,590	3,103,565
Resale Property	1,188,059	582,474	-	-	368,306	1,402,227
Lake Patrol	6,742	-	-	-	-	6,742
County Clerk Lien Fee	52,739	16,501	-	-	55	69,185
Sheriff Service Fee	457,976	752,916	6,850	4,000	686,120	527,622
JAG Recovery Grant	740	-	-	-	-	740
Assessor Visual Inspection	16	-	-	-	-	16
Assessor Revolving Fee	5,129	1,834	-	-	-	6,963
Road and Bridges-ST	8,435,585	6,400,937	347,512	-	6,277,138	8,906,896
County Clerk Records Management and Preservation	355,486	227,704	-	-	78,835	504,355
Safe Oklahoma - AG	24,522	-	-	-	20,703	3,819
County Bridge and Road Improvement	1,764,114	641,070	-	-	1,159,115	1,246,069
OHSO Grant	60	-	-	-	-	60
Sheriff Board of Prisoners	5,523	-	-	-	538	4,985
Rural Fire-ST	3,425,278	2,368,197	-	12,000	1,834,424	3,947,051
Sheriff Commissary	117,142	102,777	-	-	134,157	85,762
Planning and Zoning	537,277	383,112	-	2,000	318,686	599,703
Use Tax-ST	3,810,360	2,584,172	35,591	-	1,600,247	4,829,876
General Gov't-ST	1,158,086	788,185	-	-	581,012	1,365,259
Courthouse Maintenance-ST	3,030,081	14,496	1,750,000	1,750,000	39,560	3,005,017
County Donations	32,103	320	-	-	-	32,423
Juvenile Detention	1,945	-	-	-	-	1,945
Sheriff-ST	501,991	788,235	12,000	1,028	828,692	472,506
Local Emergency Planning Committee	2,131	1,000	-	-	-	3,131
911 Phone Fees	534,433	270,386	-	-	152,514	652,305
Court Clerk Payroll	3,440	301,930	-	-	273,180	32,190
Sheriff Forfeiture	121	4,954	-	-	-	5,075
Emergency Management	7,872	83,031	-	-	34,203	56,700
Emergency Management Weather Radios	429	10	-	-	-	439
Trash Cop	7,742	19,260	5,028	-	24,290	7,740
Emergency Management Building	60,000	-	-	-	-	60,000
FEMA DR 4438	307,594	-	-	293,299	14,295	-
COVID Aid and Relief	1,417,977	3,469	-	6,302	374,332	1,040,812
Redbird Street Overlay	36,364	50,000	-	86,364	-	-
FEMA DR 4222	-	51,117	-	-	-	51,117
American Rescue Plan Act 2021	-	7,894,718	-	-	-	7,894,718
Oak Grove Fire Ventilation	-	45,000	-	-	-	45,000
Total - All County Funds	\$ 38,154,340	\$ 38,264,693	\$ 3,906,981	\$ 3,906,981	\$ 29,912,868	\$ 46,506,165

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

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Wagoner 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 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 within the financial statement:

County General – accounts for general operations of the government.

County Highway Unrestricted – accounts for revenues from state-imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

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

Sheriff Community Service Sentencing Program – accounts for revenues from the Oklahoma Department of Corrections to reimburse the County for the expense of administering the Community Service Sentencing Program, including administrative expenses and supervision of offenders.

Health – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues, and miscellaneous fees charged by the health department. Disbursements are for the operation of the county health department.

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Resale Property – accounts for revenues from interest and penalties on delinquent ad valorem tax collections. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Lake Patrol – accounts for the collections from the Corps of Engineers for additional lake patrol.

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

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as process fees, courthouse security, contracts for housing and feeding prisoners and disbursements as restricted by state statute.

JAG Recovery Grant – accounts for revenues from federal grants and disbursements are for the purpose of purchasing law enforcement equipment for the Sheriff's office.

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

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

Road and Bridges-ST – accounts for revenues from the one cent sales tax for the purpose of operational expenditures for the building and maintenance of County roads and highways.

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

Safe Oklahoma - AG – accounts for grant funds from the State of Oklahoma and disbursements are for salaries and operations of the Sheriff's office.

County Bridge and Road Improvement – accounts for state, local, and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

OHSO Grant – accounts for grant monies received from the Oklahoma Highway Safety Office (OHSO) and disbursements are for the payment of overtime salary reimbursement in the study of crash causes.

Sheriff Board of Prisoners – accounts for reimbursements from the Department of Corrections for the housing of prisoners.

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Rural Fire-ST – accounts for sales tax monies received for operating and maintaining the fourteen fire districts within Wagoner County.

Sheriff Commissary – accounts for monies received from the commissary sales and disbursement of funds as restricted by state statute.

Planning and Zoning – accounts for monies received for permits and disbursements are for salaries and office supplies.

Use Tax-ST – accounts for monies from the monthly use tax allocations and disbursements are at the discretion of the Board of County Commissioners for any lawful expense of the County.

General Gov't-ST – accounts for monies received from the one cent sales tax and disbursements are for general government operational expenditures.

Courthouse Maintenance-ST – accounts for monies received from sales tax collected for voter approved renovations and improvements to the Courthouse and related structures. The collection of this sales tax was eliminated in accordance with the sales tax ballot of August 22, 2006.

County Donations – accounts for monies received from the sale of a property in Wagoner County which was donated by the bank/property holder and any undesignated donations to the County to be expended for purposes designated by the Board of County Commissioners.

Juvenile Detention – accounts for monies received from fees collected and disbursements are for salaries and office needs for the purpose of intervention of troubled youth first time offenders.

Sheriff-ST – accounts for monies received from the one cent sales tax for the purpose of operational expenditures for the Sheriff's office.

Local Emergency Planning Committee – accounts for monies received from state and federal funds and disbursements are restricted by the grant agreement.

911 Phone Fees – accounts for the collection of fees imposed on wireless users within the County for the operation of the Emergency 911 service.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll for the office.

Sheriff Forfeiture – accounts for monies received from forfeited property and disbursements are for the enforcement of controlled substance laws.

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Emergency Management – accounts for grant monies received from the State of Oklahoma and disbursements are for the operations of the Emergency Management Office.

Emergency Management Weather Radios – accounts for monies received for the sale of weather radios and disbursements are for the purchase of weather radios.

Trash Cop – accounts for the collection and disbursement of state funds for the prosecution of trash offenders.

Emergency Management Building – accounts for monies received from REAP funds and disbursements are restricted by the grant agreement for the emergency management building.

FEMA DR 4438 – accounts for federal grant funds for presidentially declared disasters to be used for reimbursement of expenses due to natural disasters.

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners' resolution.

Redbird Street Overlay – accounts for monies received from the Eastern Oklahoma Development District (EODD) for the Redbird Street overlay road project to be used for expenses per EODD requirements.

FEMA DR 4222 – accounts for federal grant funds for presidentially declared disasters to be used for reimbursement of expenses due to natural disasters.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

Oak Grove Fire Ventilation – accounts for funds received from the Eastern Oklahoma Development District (EODD) for the Oak Grove Fire Ventilation project to be used for expenses per EODD requirements.

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 (U.S. GAAP), which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 allows Oklahoma counties to present their financial statement in accordance with 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, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format 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.

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

2. Ad Valorem Tax

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

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

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

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; however, 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 April 4, 2017

On April 4, 2017, Wagoner County voters approved to continue the levy, an excise (sales) tax of one percent (1%) upon the gross proceeds from all sales to any person taxable under the sales tax law of Oklahoma, as was originally approved by a majority of the votes of Wagoner County on March 8, 1988. The monthly income of the revenue of said tax is pledged to the county roads in the amount of eighty percent (80%), to the Sheriff's office in the amount of ten percent (10%), and general government in the amount of ten percent (10%). The duration of the life of the tax is to be until March 31, 2028. These funds are accounted for in the Road and Bridges-ST, General Gov't-ST, and Sheriff-ST funds.

Sales Tax of February 13, 2007

On February 13, 2007, Wagoner County voters approved a fifteen-hundredth of one percent (.15%) sales tax, which increases the current Wagoner County Fire Tax to thirty-hundredth of one percent (.30%). The purpose of the proceeds of this tax is to provide funding for the fire departments in the following communities: Wagoner, Taylor Ferry, Toppers, Tullahassee, Whitehorn, Coweta, Oak Grove, Rolling Hills, Flat Rock, Okay, Red Bird, Porter, Stone Bluff, and Broken Arrow. The proceeds are to be split as follows: ninety-five (95%) of the fifteen-hundredth of one percent (.15%) will be split evenly between the fourteen departments and five (5%) of the fifteen-hundredth of one percent (.15%) will be placed in a cash fund account to be used for such other fire protection services as may be deemed necessary by the Board of County Commissioners. This makes the existing Wagoner County Fire Excise (Sales) Tax of fifteen-hundredth of one percent (.15%) permanent. This adds the Broken Arrow Fire Department as an equal recipient of the current Wagoner County Fire Excise (Sales) Tax of fifteen-hundredth of one percent (.15%); effective date

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

per Oklahoma Tax Commission is July 1, 2007. These funds are accounted for in the Rural Fire-ST fund.

E. Interfund Transfers

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

- \$1,750,000 was transferred from the Courthouse Maintenance-ST fund to the County General fund to meet requirements of appropriations in accordance with 68 O.S. § 3021.
- \$1,750,000 was transferred from the County General fund to the Courthouse Maintenance-ST Fund for repayment of the loan in accordance with 68 O.S. § 3021.
- \$1,988 was transferred from County Highway Unrestricted fund to the Road and Bridges-ST fund for reimbursement for paver repair.
- \$293,299 was transferred from the FEMA DR 4438 fund for reimbursement of expenses incurred during the FEMA disaster as follows:
 - \$6,850 to the Sheriff Service Fee fund.
 - \$259,160 to the Road and Bridges-ST fund.
 - \$27,289 to the Use Tax-ST fund.
- \$4,000 was transferred from the Sheriff Service Fee fund to the Trash Cop fund for supplemental appropriations.
- \$86,364 was transferred from the Redbird Street Overlay fund to the Road and Bridges-ST fund to reimburse for grant expenditures.
- \$12,000 was transferred from the Rural Fire-St fund to the Sheriff-ST fund for license reimbursement.
- \$2,000 was transferred from the Planning and Zoning fund to the Use Tax-ST fund for supplemental appropriations for salary.
- \$6,302 was transferred from the COVID Aid and Relief fund to the Use Tax-ST fund for reimbursement of COVID related expenses per Board of County Commissioners' Resolution.
- \$1,028 was transferred from the Sheriff-ST fund to the Trash Cop fund for supplemental appropriations.

SUPPLEMENTARY INFORMATION

WAGONER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 2,934,187	\$ 2,932,430	\$ 1,757
County Treasurer	219,232	207,538	11,694
County Commissioners	232,325	224,884	7,441
County Commissioners O.S.U. Extension	10,669	10,669	-
County Clerk	555,000	525,504	29,496
Court Clerk	267,314	253,413	13,901
County Assessor	287,890	260,424	27,466
Revaluation of Real Property	808,692	621,797	186,895
General Government	1,710,250	750,856	959,394
Excise - Equalization Board	7,200	4,083	3,117
County Election Expense	187,320	181,843	5,477
Insurance - Benefits	2,549,616	2,231,089	318,527
County Purchasing Agent	54,600	49,250	5,350
Emergency Management	139,000	138,554	446
Charity	1,500	750	750
Courthouse Security	160,000	158,874	1,126
E-911	200,000	199,819	181
County Audit Budget Account	153,610	53,845	99,765
Flood Plain	26,400	26,025	375
Total Expenditures, Budgetary Basis	<u>\$ 10,504,805</u>	<u>\$ 8,831,647</u>	<u>\$ 1,673,158</u>

WAGONER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 3,864,716	\$ 2,157,338	\$ 1,707,378
Total Expenditures, Budgetary Basis	\$ 3,864,716	\$ 2,157,338	\$ 1,707,378

**WAGONER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances 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
WAGONER COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Wagoner County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Wagoner County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 28, 2024.

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 (U.S. GAAP). 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 as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Wagoner County's internal control over financial reporting (internal control) as a basis for designing 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 Wagoner County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wagoner County's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness: 2022-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wagoner 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 financial statement. 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*.

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

Wagoner County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Wagoner County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Wagoner County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 results 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 28, 2024

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 2022-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2021-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that 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 the Risk Assessment and Monitoring of the County.

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design monitoring procedures to assess 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 of the Board of County Commissioners: Wagoner County will review its current policies and procedures that have been designed and implemented in the past and make any changes that are necessary to identify and address risks to financial reporting. The County will continue to work towards improving procedures that eliminate the opportunity for financial loss and other risks.

County Clerk: Policies and procedures have been designed and implemented to address the risks of the County. The Clerk’s office has frequently updated internal controls manual documenting the numerous risks of the Clerk’s office specifically regarding financial, integrity of data and security risks. The same exists for the County as a whole, albeit not as thorough. Until COVID, all elected officials with the exception of the commissioners who were only represented by one in attendance in accordance with the Open Meetings Act, were meeting on a quarterly basis to discuss these policies. Since that time, we have failed to continue those quarterly meetings, however several issues regarding risk have been discussed in the Board of County Commissioners’ meetings and the County continues to work towards improving and mitigating the opportunity for financial loss and other risks.

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

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal Controls – OV1.01 states in part:

Definition of Internal Controls

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.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

Components, Principles, and Attributes

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

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 2022-005 – Lack of Segregation of Duties Over Collections and Disbursements - Court Clerk (Repeat Finding)

Condition: Upon inquiry and observation of the records with regards to the collection and disbursement processes of the Court Fund, we noted the following:

Receipting Process:

- The Court Clerk's office does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- All employees operate from the same cash drawer.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- Multiple employees have access to the safe.
- One employee issues receipts, balances the cash drawer, prepares deposits, takes the deposit to the Treasurer, and reconciles the daily report.

Disbursement Process:

- The Court Clerk's office does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- One employee orders goods/services, prepares vouchers, prints vouchers, takes vouchers to be registered, picks up vouchers from County Treasurer, signs vouchers, distributes vouchers, reconciles accounts, has access to make changes and voids in system, and prepares quarterly and annual reports.
- The Court Clerk's signature stamp is accessible to other employees.

Cause of Condition: Policies and procedures have not been designed and implemented to adequately segregate the duties of the receipting and disbursement processes within the office of the Court Clerk.

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 unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. Regarding the collection process, OSAI recommends that one employee should not be performing all of the duties regarding issuing receipts, balancing the cash drawer, preparing the deposit, and delivering the deposit to the County Treasurer's office. Further, we recommend that all employees issuing receipts, operate from separate cash drawers. The cash drawer should be closed out, reconciled to the employees' daily receipts, and be approved by someone independent of the cash drawer and making the deposit.

OSAI also recommends the following key accounting functions of the disbursement be adequately segregated as follows:

- Preparing claims.
- Reviewing voucher report to claims.
- Printing vouchers.
- Signing and registering vouchers with the County Treasurer.
- Reconciling monthly and quarterly reports with the County Treasurer.
- Signature stamps be adequately safeguarded from unauthorized use and are used by the official to whom it belongs.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Management Response:

Court Clerk: The finding is noted as in past audits. Our method of administration concerning these matters will continue as before. While recognizing the position of the audit staff, I will continue to operate the office on the principle of “calculated risk.” Having separate cash drawers would operate to the detriment of efficient operations as we would have to close the office early in order to count and balance multiple drawers. Multiple employees issue receipts throughout the day. It is necessary to grant multiple employees access to the safe and Court Clerk stamp to account for the absence of just one employee. Different employees have the responsibility of balancing the cash drawer against receipts and all that goes with that process. Each Deputy Clerk receives a very frank and comprehensive briefing on the perils of theft upon hire and this is reinforced from time to time by the Clerk. To date, we have never experienced a day where receipts did not balance with cash, check, or credit card receipts. With only 10 Deputy Clerks it is easy to spot and fix responsibility for errors should they occur.

In disbursements, the Court Clerk reviews and personally signs to expend funds for these items. The Bookkeeper is the best position to perform these administrative functions for economy and accuracy. There are multiple checks and balances in the system to prevent errors, theft and other maladies.

Auditor Response: The duties regarding the collections and disbursement processes are not adequately segregated. Further, the signature stamp should only be used by the official to whom it belongs.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Finding 2022-006 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: An audit of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- The County Sheriff's office does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- One employee collects the money from the lockbox, counts the money and posts accounts in the Inmate Trust software system, prepares the bank deposit, performs bank reconciliations, and issues inmate trust fund checks and maintains all bank records.
- The contract between the commissary provider and the County Sheriff is not approved by the Board of County Commissioners annually.
- Blank debit cards are not secured and there is no reconciliation of the debit card inventory.
- Phone card profits are not being deposited into the Sheriff Service Fee fund in accordance with 19 O.S. § 180.43(E).
- Multiple employees have keys and access to the drawer where Inmate Trust Fund money is kept.

Cause of Condition: Policies and procedures have not been designed to ensure financial transactions regarding the Inmate Trust Fund Checking Account and Sheriff Commissary fund are made in compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the following:

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- All contracts should be approved by the Board of County Commissioners annually.
- Debit cards be kept in a secure location and an inventory log of debit cards be kept.
- Phone card profits should be deposited into the Sheriff Service Fee fund in accordance with 19 O.S. § 180.43(E).

Management Response:

County Sheriff: Procedures have been created for better separations between the two managers of the inmate trust account. The contract between the commissary provider has since been approved with the

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

BOCC. The annual commissary report has since been filed with the BOCC and will continue to be filed each year. Going forward only two people have access to keys to the drawer where the inmate monies are kept. The keys are kept in a locked drawer in a locked office. Blank debit cards are issued through the software provider and they send a summary each day of how many cards that were issued. Information included is the card number, amount, and who received the card. We are sent twenty-five cards at a time and they are kept in a lock box in a locked office. A file has been created for any cards voided.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of Duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process

Title 19 O.S. § 180.43(E) states in part, “Each county sheriff may operate, or contract the operation of, a telephone system for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Service Fee Account.”



Cindy Byrd, CPA | State Auditor & Inspector

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