



WAGONER COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**WAGONER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.



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, 2021. 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,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**WAGONER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Dana Patten

Court Clerk

James “Jim” Hight

District Attorney

Jack Thorp

**WAGONER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**WAGONER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
WAGONER COUNTY, OKLAHOMA

Report on the Financial Statement

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, 2021, 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 Wagoner 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 Wagoner County as of June 30, 2021, 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 total receipts, disbursements, and changes in cash balances for all county funds of Wagoner County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

Other Matters

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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining supplementary 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. 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 schedule of expenditures of federal awards and the remaining 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.

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

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, 2021

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 2,281,527	\$ 8,436,226	\$ 1,928,867	\$ 1,900,512	\$ 8,134,305	\$ 2,611,803
County Highway Unrestricted	2,772,609	3,163,774	64,737	3,945	2,700,980	3,296,195
Treasurer Mortgage Certification	406,660	28,985	769	-	23,965	412,449
Sheriff Community Service Sentencing Program	115,395	97,173	-	-	114,411	98,157
Health	4,418,555	1,659,911	1,777	-	1,633,564	4,446,679
Resale Property	869,908	704,263	28,594	-	414,706	1,188,059
FEMA	4,524	-	-	4,524	-	-
Lake Patrol	18,423	-	-	-	11,681	6,742
County Clerk Lien Fee	39,014	17,442	-	-	3,717	52,739
Sheriff Service Fee	302,769	671,508	-	-	516,301	457,976
JAG Recovery Grant	4,251	-	-	-	3,511	740
Assessor Visual Inspection	16	-	-	-	-	16
Assessor Revolving Fee	9,601	1,700	-	-	6,172	5,129
Road and Bridges-ST	6,899,195	5,934,487	54,114	-	4,452,211	8,435,585
County Clerk Records Management and Preservation	218,339	230,046	4,568	-	97,467	355,486
Safe Oklahoma - AG	30,481	25,000	-	-	30,959	24,522
County Bridge and Road Improvement	1,583,729	454,258	-	-	273,873	1,764,114
OHSO Grant	217	-	-	-	157	60
Sheriff Board of Prisoners	26,570	-	-	-	21,047	5,523
Rural Fire-ST	2,592,010	2,172,851	4,062	16,800	1,326,845	3,425,278
Sheriff Commissary	114,421	122,564	4,248	-	124,091	117,142
Planning and Zoning	410,329	390,044	1,934	-	265,030	537,277
Use Tax-ST	2,854,957	2,403,679	81,143	-	1,529,419	3,810,360
General Gov't-ST	960,324	751,802	-	-	554,040	1,158,086
Courthouse Maintenance-ST	3,154,104	40,998	2,371,296	1,900,000	636,317	3,030,081
County Donations	30,671	1,588	-	-	156	32,103
Juvenile Detention	1,945	-	-	-	-	1,945
Sheriff-ST	290,151	721,552	4,892	-	514,604	501,991
Local Emergency Planning Committee	1,131	1,000	-	-	-	2,131
911 Phone Fees	509,446	311,434	-	-	286,447	534,433
Court Clerk Payroll	23,401	266,730	-	-	286,691	3,440
Sheriff Forfeiture	121	-	-	-	-	121
Emergency Management	8,164	20,000	-	-	20,292	7,872
Emergency Management Weather Radios	429	-	-	-	-	429
Trash Cop	17,038	4,500	-	-	13,796	7,742
Emergency Management Building	60,000	-	-	-	-	60,000
FEMA DR 4438	266,860	48,434	-	-	7,700	307,594
COVID Aid and Relief	-	2,946,946	-	654,524	874,445	1,417,977
Redbird Street Overlay	-	86,364	-	50,000	-	36,364
Total - All County Funds, as Restated	\$ 31,297,285	\$ 31,715,259	\$ 4,551,001	\$ 4,530,305	\$ 24,878,900	\$ 38,154,340

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, 2021**

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, 2021**

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.

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

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.

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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.

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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.

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 allows 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, 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

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 visual inspection on a continuous basis and shall establish an inspection schedule which will result

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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

**WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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.

- \$1,900,000 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.

WAGONER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

- \$1,900,000 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.
- \$16,800 was transferred from Rural Fire – ST fund to the County General fund for unallowable transfers between cash funds.
- \$512 was transferred from the County General fund to the Sheriff – ST fund for unallowable transfers between cash funds.
- \$654,524 was transferred from the COVID Aid and Relief fund for reimbursement of expenses incurred during the pandemic as follows:
 - \$12,067 to the County General fund.
 - \$64,737 to the County Highway Unrestricted fund.
 - \$709 to the Treasurer Mortgage Certification fund.
 - \$1,777 to the Health fund.
 - \$1,702 to the Resale Property fund.
 - \$169 to the Roads and Bridges-ST fund.
 - \$4,568 to the County Clerk Records Management and Preservation fund.
 - \$4,248 to the Sheriff Commissary fund.
 - \$1,934 to the Planning and Zoning fund.
 - \$80,681 to the Use Tax-ST fund.
 - \$471,296 to the Courthouse Maintenance-ST fund.
 - \$4,380 to the Sheriff-ST fund.
 - \$6,196 to the Court Clerk Revolving fund (Trust & Agency).
- \$3,945 was transferred from the County Highway Unrestricted fund to the Road and Bridges - ST fund for unallowable transfers between cash funds.
- \$26,892 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131.
- \$4,062 was transferred from the FEMA fund to the Rural Fire – ST fund for reimbursement of expenditures for FEMA grant.
- \$462 was transferred from the FEMA fund to the Use Tax – ST fund for reimbursement of expenditures for FEMA grant.
- \$50,000 was transferred from the Redbird Street Overlay fund to the Roads and Bridges – ST fund for a reimbursement for EODD road project.

F. Restatement of Fund Balance

During the fiscal year, the County had a reclassification of funds. Juvenile Drug Court, Adult Drug Court and Mental Health Court were reclassified as a trust and agency fund.

Prior year ending balance, as reported	\$31,546,113
Funds reclassified as Trust and Agency Funds:	
Juvenile Drug Court	(25,176)
Adult Drug Court	(77,967)
Mental Health Court	<u>(145,685)</u>
Prior year ending balance, as restated	<u>\$31,297,285</u>

SUPPLEMENTARY INFORMATION

WAGONER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 2,650,479	\$ 2,648,311	\$ 2,168
County Treasurer	220,015	217,318	2,697
County Commissioners	224,113	222,864	1,249
County Commissioners O.S.U. Extension	112,939	104,678	8,261
County Clerk	510,512	508,174	2,338
Court Clerk	261,862	234,878	26,984
County Assessor	275,890	249,598	26,292
Revaluation of Real Property	782,105	672,442	109,663
General Government	1,578,240	650,462	927,778
Excise - Equalization Board	7,200	5,731	1,469
County Election Expense	193,272	192,577	695
Insurance - Benefits	2,166,170	1,976,427	189,743
County Purchasing Agent	48,496	48,050	446
Emergency Management	134,892	131,477	3,415
Charity	1,500	250	1,250
Planning Commission	50,000	50,000	-
Courthouse Security	166,477	141,672	24,805
E-911	200,588	200,309	279
County Audit Budget Account	107,690	70,000	37,690
Flood Plain	28,958	26,190	2,768
Total Expenditures, Budgetary Basis	<u>\$ 9,721,398</u>	<u>\$ 8,351,408</u>	<u>\$ 1,369,990</u>

WAGONER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 5,613,554	\$ 3,606,609	\$ 2,006,945
Total Expenditures, Budgetary Basis	\$ 5,613,554	\$ 3,606,609	\$ 2,006,945

**WAGONER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WAGONER COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Passed Through Oklahoma State Treasurer:			
Flood Control Projects	12.106		\$ 26,571
Total U.S. Department of Defense			26,571
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		36,364
Total U.S. Department of Housing and Urban Development			36,364
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		134,175
Total U.S. Department of Interior			134,175
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804		3,511
Total U.S. Department of Justice			3,511
U.S. DEPARTMENT OF TRANSPORTATION			
National Highway Traffic Safety Administration (NHTSA)			
Passed Through the Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	SE-20-03-11-01	8,827
State and Community Highway Safety	20.600	SE-21-03-01-02	35,600
Total U.S. Department of Transportation			44,427
U.S. DEPARTMENT OF THE TREASURY			
Passed through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019		2,929,588
Passed Through the Oklahoma Department of Emergency Management:			
COVID-19 Coronavirus Relief Fund	21.019		13,888
Total of the U.S. Department of the Treasury			2,943,476

Continued on next page

WAGONER COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
Continued from previous page			
U.S. ELECTION ASSISTANCE COMMISSION			
Passed through the Oklahoma State Election Board			
HAVA Election Security Grants	90.404		10,310
Total of the U.S. Election Assistance Commission			10,310
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4438	59,736
Hazardous Mitigation Grant	97.039		112,500
Emergency Management Performance Grants	97.042	EMPG-19	5,000
Emergency Management Performance Grants	97.042	EMPG-20	15,000
Total U.S. Department of Homeland Security			192,236
Total Expenditures of Federal Awards			\$ 3,391,070

WAGONER COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Wagoner County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Wagoner County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the COVID-19 Relief Bill into law. Wagoner County received \$2,929,588 in federal relief funds. The County incurred \$1,491,075 in eligible expenditures in the prior fiscal year ending June 30, 2020. These eligible expenditures were from March 16, 2020 through June 30, 2020, and accounted for in the County's June 30, 2020, financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing (ALN) 21.019 – Coronavirus Relief Fund includes \$1,491,075 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$1,438,513 that were incurred in the fiscal year ending June 30, 2021.

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 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, 2021, and the related notes to the financial statement, which collectively comprise Wagoner County's basic 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. 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, 2021, 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 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001.

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 4 of the schedule of findings and questioned costs contained in this report.

Wagoner County's Response to Findings

Wagoner County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wagoner 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 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



**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

TO THE OFFICERS OF
WAGONER COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Wagoner County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Wagoner County's major federal program for the year ended June 30, 2021. Wagoner County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wagoner County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wagoner County's compliance.

Opinion on Each Major Federal Program

In our opinion, Wagoner County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Wagoner County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wagoner County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wagoner County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-010, to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-009, to be a significant deficiency.

Wagoner County's Response to Findings

Wagoner County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Wagoner County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

May 28, 2024

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statement noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? Yes

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? Yes

Identification of Major Programs

Assistance Listing Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

Dollar threshold used to distinguish between

Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?..... No

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 2—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 2021-001 – Lack of County–Wide Internal Controls

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 QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 3—Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2021-010 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance

QUESTIONED COSTS: \$-0-

Condition: County-Wide Controls regarding Information and Communication have not been designed.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Cause of Condition: Policies and procedures have not been designed to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance with grant requirements.

Recommendation: OSAI recommends that the County design and implement a system of internal controls to ensure compliance with grant requirements. 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 and County Clerk: This particular grant was for reimbursement, however additional checks and balances will be put into place and documented in the Clerk's internal controls manual to ensure proper documentation and compliance with all Federal Grant requirements.

Criteria: 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.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-009 – Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U. S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance

QUESTIONED COSTS: \$-0-

Condition: During our review and reconciliation of the SEFA, as initially prepared by the County, we identified federal programs that were not listed accurately which resulted in federal expenditures being overstated by \$150,995.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure accurate reporting of expenditures for all federal awards.

Effect of Condition: This condition resulted in inaccurate recording of the expenditures on the SEFA.

Recommendation: OSAI recommends county officials and department heads gain an understanding of federal programs awarded to Wagoner County. Internal control procedures should be designed and implemented to ensure accurate reporting of expenditures on the SEFA and to ensure compliance with federal requirements.

Management Response:

Chairman of the Board of County Commissioners: Wagoner County officials and department heads will seek out additional training necessary to gain an understanding of federal programs that are awarded to Wagoner County so that internal control procedures can be designed and implemented so that accurate reporting of expenditures on the SEFA to be compliant with federal requirements.

County Clerk: The County has some departments which are not following our procedures regarding grant acceptance and reporting. Additionally, there seems to be some confusion regarding reporting and the difference with the timing of federal fiscal years and County fiscal years. Upon review and additional training, a better understanding of this reporting has been gained.

Criteria: GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objective

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2 CFR § 200.303(a) Internal Controls reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR § 200.508(b) Auditee responsibilities reads as follows:

The auditee must:

Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements.

2 CFR § 200.510(b) Financial statements reads, in part, as follows:

Schedule of expenditures of Federal awards.

The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

SECTION 4—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 2021-006 – 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.
- 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.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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.

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-007 – 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 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

**WAGONER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.”

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

Wagoner County Board of Commissioners

Commissioner James Hanning, District 1

Commissioner Chris Edwards, District 2

Commissioner Tim Kelley, District 3

307 E. Cherokee Street

Wagoner, OK 74467



Lori Hendricks, County Clerk
Secretary to the Board

918-485-2216 phone

918-485-7718 fax

Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2021

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls	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. 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.	6/30/2024	Tim Kelley, BOCC Chairman Lori Hendricks, County Clerk
2021-009	Assistance Listing Number 21.019 Lack of Internal Controls Over the Schedule of Expenditures of	Wagoner County officials and department heads will seek out additional training necessary to gain an understanding of federal programs that are awarded to Wagoner County so that internal control procedures can be designed and implemented so that accurate reporting of expenditures on the SEFA to be compliant with	6/30/2024	Tim Kelley, BOCC Chairman Lori Hendricks, County Clerk

	Federal Awards (SEFA)	federal requirements. The County has some departments which are not following our procedures regarding grant acceptance and reporting. Additionally, there seems to be some confusion regarding reporting and the difference with the timing of federal fiscal years and County fiscal years. Upon review and additional training, a better understanding of this reporting has been gained.		Clerk
2021-010	Assistance Listing Number 21.019 Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund	This particular grant was for reimbursement, however additional checks and balances will be put into place and documented in the Clerk's internal controls manual to ensure proper documentation and compliance with all Federal Grant requirements.	6/30/2024	Tim Kelley, BOCC Chairman Lori Hendricks, County Clerk

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

Wagoner County Board of Commissioners

Commissioner James Hanning, District 1

Commissioner Chris Edwards, District 2

Commissioner Tim Kelley, District 3

307 E. Cherokee Street

Wagoner, OK 74467



Lori Hendricks, County Clerk
Secretary to the Board

918-485-2216 phone

918-485-7718 fax

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2021

FINANCIAL AUDIT FINDINGS

Finding 2011-001, 2021-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001

Inadequate County-Wide Controls (Repeat Finding)

Finding Summary: County-wide controls regarding Risk Management and Monitoring have not been designed.

Status: Fully Corrected.

Finding 2011-002, 2012-002

Disaster Recovery Plan – County and County Treasurer (Repeat Finding)

Finding Summary: The County Treasurer did not have a written Disaster Recovery Plan until June 2012 and the County Clerk does not have a written Disaster Recovery Plan

Status: Fully Corrected.

Finding 2011-003, 2012-002

Inadequate Segregation of Duties Over Receipting and Balancing Process (Repeat Finding)

Finding Summary: The County Treasurer has six full-time deputies that work from one cash drawer. While the County Treasurer has implemented some controls, employees that issue receipts also prepare the deposit and/or table the deposit to the bank, as well as balance cash drawer and perform bank reconciliations.

Status: Fully Corrected.

Finding 2011-015, 2012-015

Noncompliance with State Statutes Regarding Financing of Equipment (Repeat Finding)

Finding Summary: County Commissioner District 3 purchased a Gradall XL3100 for \$268,330 and financed the equipment at a local bank.

Status: Fully Corrected.

Finding 2011-019, 2012-019

Inadequate Internal Controls Over Signature Stamps – Chairman, Board of County Commissioners and County Clerk (Repeat Finding)

Finding Summary: While gaining an understanding of the purchasing process, we noted that the County Clerk and Chairman are allowing someone other than themselves to use their signature stamp.

Status: Fully Corrected.

FEDERAL AUDIT FINDINGS

Finding 2011-016

Lack of Internal Controls Over Federal Compliance Requirements – CDBG and EECBG

Pass-Through Grantor: Oklahoma Department Commerce, Direct Grant

Federal Agency: U.S. Department of Housing and Urban Development, U.S. Department of Energy

Assistance Listing No: 14.228, 81.128

Federal Program Name: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

Federal Grant Award Number: 13775 CDBG 09, DE-RW0000095

Federal Award Year: 2009, 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis Bacon; Matching, Level of Effort/Earmarking; Period of Availability; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Wagoner County has not established internal controls to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis Bacon; Matching, Level of Effort/Earmarking; Period of Availability; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Status: Management does not feel this finding warrants further action because two years have passed since the report was submitted to the Federal Clearinghouse, the Federal Agency, or Pass-Through Entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-017

Inadequate County-Wide Controls Over Major Programs – CDBG and EECBG

Pass-Through Grantor: Oklahoma Department Commerce, Direct Grant

Federal Agency: U.S. Department of Housing and Urban Development, U.S. Department of Energy

Assistance Listing No: 14.228, 81.128

Federal Program Name: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

Federal Grant Award Number: 13775 CDBG 09, DE-RW0000095

Federal Award Year: 2009, 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis Bacon; Matching, Level of Effort/Earmarking; Period of Availability; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide regarding Risk Management and Monitoring have not been designed.

Status: Management does not feel this finding warrants further action because two years have passed since the report was submitted to the Federal Clearinghouse, the Federal Agency, or Pass-Through Entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-018

Inadequate Internal Controls Over Federal Compliance Requirements – Special Tests and Provisions – EECBG

Federal Agency: U.S. Department of Energy

Assistance Listing No: 81.128

Federal Program Name: ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

Federal Grant Award Number: DE-RW0000095

Federal Award Year: 2011

Control Category: Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: The grant requires all products purchased to be made in America. During test work we were unable to determine if products were American made and the County was unable to provide us with affidavits documenting the items purchased were made in America.

Status: Management does not feel this finding warrants further action because two years have passed since the report was submitted to the Federal Clearinghouse, the Federal Agency, or Pass-Through Entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-020

Inadequate Internal Controls Over Federal Compliance Requirements – Cash Management – EECBG

Federal Agency: U.S. Department of Energy

Assistance Listing No: 81.128

Federal Program Name: ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

Federal Grant Award Number: DE-RW0000095

Federal Award Year: 2011

Control Category: Cash Management

Questioned Costs: \$-0-

Finding Summary: During test work it was determined that funds were not obligated within eighteen months of the award date as required.

Status: Management does not feel this finding warrants further action because two years have passed since the report was submitted to the Federal Clearinghouse, the Federal Agency, or Pass-Through Entity is not currently following up with the County regarding this finding, and a management decision has not been issued.



Cindy Byrd, CPA | State Auditor & Inspector

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