



WASHITA COUNTY

Financial Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

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

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.



April 8, 2024

TO THE CITIZENS OF
WASHITA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washita 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,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Bart Gossen
District 2 – Leo Goeringer
District 3 – Steve Tompkins

County Assessor

Krystle Uecke

County Clerk

Kristen Dowell

County Sheriff

Roger Reeve

County Treasurer

Sherry Nightengale

Court Clerk

Lynda Vermillion

District Attorney

Angela Marsee

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
WASHITA 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 Washita 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 Washita 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 Washita 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 Washita 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 Washita 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 Washita 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 Washita 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 Washita 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 March 18, 2024, on our consideration of Washita 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 Washita County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024

REGULATORY BASIS FINANCIAL STATEMENT

WASHITA 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	\$ 1,002,358	\$ 2,530,052	\$ -	\$ -	\$ 2,500,564	\$ 1,031,846
County Highway Unrestricted	4,345,901	4,687,252	-	-	4,228,886	4,804,267
County Bridge and Road Improvement	1,578,866	468,164	-	-	112,691	1,934,339
Sheriff Service Fee	394,107	266,488	-	-	344,171	316,424
Rural Fire - ST	823,805	147,926	-	-	188,263	783,468
Senior Citizens - ST	144,835	49,307	-	-	36,458	157,684
Sheriff Drug Buy	77,636	-	-	-	-	77,636
Sheriff Commissary	87,773	81,736	-	-	87,876	81,633
County Clerk Lien Fee	44,875	9,442	-	2,000	12,258	40,059
County Clerk Records Management and Preservation Fund	56,041	37,610	-	-	41,442	52,209
Assessor Revolving Fee	14,798	2,594	-	-	411	16,981
Treasurer Mortgage Certification Fee	14,941	2,535	-	-	989	16,487
Resale Property	347,929	57,462	59,752	75,000	35,168	354,975
Court Clerk Payroll	3,838	42,546	-	-	39,454	6,930
911 Phone Fees	66,821	69,792	-	-	110,578	26,035
Local Emergency Planning Committee	3,906	1,000	-	-	552	4,354
Ambulance Service District - ST	220,828	87,660	-	-	28,472	280,016
Extension - ST	382,212	131,490	-	-	94,954	418,748
Fair - ST	31,876	34,417	-	-	33,814	32,479
General Gov't - ST	81,091	-	-	-	72,969	8,122
Jail - ST	166,237	438,299	-	-	527,282	77,254
Jail Debt Payments	62,026	833,232	-	-	815,795	79,463
American Rescue Plan Act 2021	1,060,152	1,060,153	-	-	606,233	1,514,072
Community Expansion of Nutrition Assistance Revolving Fund	-	1,329	2,000	-	1,329	2,000
Rural Economic Action Plan Revolving Fund	59,752	-	75,000	59,752	-	75,000
Emergency Management Performance Grant	23,502	13,600	-	-	6,766	30,336
Total - All County Funds	\$ 11,096,106	\$ 11,054,086	\$ 136,752	\$ 136,752	\$ 9,927,375	\$ 12,222,817

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

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

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

County Bridge and Road Improvement – accounts for collections from the State of Oklahoma to be disbursed for the purpose of maintaining bridges and roads.

Sheriff Service Fee – accounts for the collection of sheriff process service fees to be disbursed as restricted by state statute, the collection of funds from the State Department of Corrections and local police departments to be disbursed as restricted by state statute, fees collected through the courts to be disbursed for administrative expenses and supervision of offenders, and for fees collected through the courts to be disbursed for courthouse security.

Rural Fire - ST – accounts for the collection of sales tax monies to be disbursed for maintenance and operations of Rural Fire Departments.

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

Senior Citizens - ST – accounts for the collection of sales tax monies to be disbursed for the maintenance and operations of the Senior Citizens Centers.

Sheriff Drug Buy – accounts for profits made from seized monies and the sale of seized properties to be disbursed for the use of drug investigations and drug education.

Sheriff Commissary – accounts profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

County Clerk Lien Fee – accounts for lien collections to be disbursed as restricted by state statute.

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed with the County Clerk and disbursements as restricted by state statute for the preservation of records.

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

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates to be disbursed as restricted by state statute.

Resale Property – accounts for the collection of interest and penalties on delinquent ad valorem taxes to be disbursed as restricted by state statute.

Court Clerk Payroll – accounts for monies received from Court Clerk’s Court Fund to be disbursed for the payroll to Court Clerk employees.

911 Phone Fees – accounts for the collections of landline and wireless fees and disbursed for operations of emergency 911 services.

Local Emergency Planning Committee – accounts for state grant monies received to be disbursed according to the grant agreement.

Ambulance Service District - ST – accounts for the collection of sales tax monies to be disbursed for maintenance and operations of the Ambulance Service District.

Extension - ST – accounts for the collection of sales tax monies to be disbursed for maintenance and operations of the OSU Extension Service and 4-H.

Fair - ST – accounts for the collection of sales tax monies to be disbursed for maintenance and operations of the Washita County Free Fair.

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

General Gov't - ST – accounts for the collection of sales tax monies to be disbursed for maintenance and operations of the Washita County Courthouse, County Jail, and County Fair Facilities.

Jail - ST – accounts for the collection of sales tax monies to be disbursed for the indebtedness in the construction and equipping of the jail facility.

Jail Debt Payments – accounts for the collection of sales tax monies to be disbursed for the use of the Justice Center (Jail) monthly payments.

American Rescue Plan Act 2021 – accounts for the collection of federal grant monies to be disbursed according to grant requirements.

Community Expansion of Nutrition Assistance Revolving Fund – accounts for the collection of grant monies to be disbursed for the operation of the Cloud Chief Community Center and Cowden Community Center.

Rural Economic Action Plan Revolving Fund – accounts for grant monies received to be disbursed for economic development according to grant requirements.

Emergency Management Performance Grant – accounts for federal grant monies received to be disbursed according to grant 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 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.

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

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 May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

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 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

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

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 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.

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

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 June 9, 2009

The voters of Washita County approved a three-quarters percent (3/4%) sales tax effective June 9, 2009. This sales tax was established to provide revenue for the retirement of indebtedness incurred for the construction and equipping of a new Washita County Detention Facility and the operation and maintenance of the Washita County Detention Facility and existing jail renovations.

Half of the sales tax, three-eighths (3/8) of one percent (1%) sales tax shall have a limited duration of twenty (20) years from the date of commencement or until the principal and interest upon indebtedness incurred is paid in full, whichever occurs earlier. The remaining half of sales tax, three-eighths (3/8) of one percent (1%), will terminate after twenty (20) years unless continued by a majority of the voters of Washita County. These funds are accounted for in the Jail Debt Payments fund.

Sales Tax of January 8, 2019

On January 8, 2019, the voters of Washita County approved a one and one-quarter percent (1.25%) sales tax effective October 1, 2019. This sales tax was established to provide revenues as follows: 40.0% for the Washita County Justice Center; 20.0% for the County General Fund; 13.5% for Rural Fire Departments; 12.0% for the OSU Extension Center/4-H Program; 8.0% for the Ambulance Service District; 4.5% for the Senior Citizen Centers; and 2.0% for the County Free Fair/Jr. Livestock Show. This sales tax shall have a duration of sixty (60) months, expiring September 30, 2024. This sales tax is accounted for within the Jail - ST fund, County General fund, Rural Fire - ST fund, Extension - ST fund, Ambulance Service District - ST fund, Senior Citizens Center - ST fund, and the Fair - ST fund.

E. Interfund Transfers

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

- \$2,000 was transferred from the County Clerk Lien Fee fund to the Community Expansion of Nutrition Assistance Revolving Fund as an interfund temporary loan for operating expenses as allowed by 68 O.S. § 3021.
- \$59,752 was transferred from the Rural Economic Action Plan Revolving Fund to the Resale Property fund to reimburse the original interfund temporary loan transfer during fiscal year 2021 in accordance with 68 O.S. § 3021.

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

- \$75,000 was transferred from the Resale Property fund to Rural Economic Action Plan Revolving Fund as an interfund temporary loan for operating expenses as allowed by 68 O.S. § 3021.

SUPPLEMENTARY INFORMATION

WASHITA 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
District Attorney - County	\$ 3,000	\$ 2,974	\$ 26
County Sheriff	987,069	984,317	2,752
County Treasurer	186,950	185,538	1,412
County Clerk	246,717	246,423	294
County Court Clerk	187,110	181,611	5,499
County Assessor	124,975	124,481	494
Visual Inspection	169,557	155,910	13,647
General Government	319,535	298,645	20,890
Excise - Equalization Board	4,150	2,508	1,642
County Election Board	87,895	77,118	10,777
County Audit Budget Account	45,882	28,933	16,949
General Government - ST	214,100	191,898	22,202
Total Expenditures, Budgetary Basis	\$ 2,576,940	\$ 2,480,356	\$ 96,584

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

1. Budgetary Schedules

The Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis for the County General Fund presents comparison 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
WASHITA 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 Washita County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Washita County’s financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 18, 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 Washita 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Washita County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Washita 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 a 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washita 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 Washita County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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

March 18, 2024

**WASHITA 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*

No matters were reported.

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 2022-007 – Lack of Internal Controls and Noncompliance Over Reporting by the County Sheriff

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

- The County Sheriff did not prepare an annual Sheriff Commissary report to file with the Board of County Commissioners (BOCC) by January 15th.
- The County Sheriff did not prepare an annual Sheriff Board of Prisoners report to file with the BOCC by January 15th.

Cause of Condition: Policies and procedures have not been designed and implemented regarding annual reports for the Sheriff Commissary fund and the Sheriff Board of Prisoners.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and implement the following procedures to ensure compliance with state statutes.

- An annual Sheriff Commissary report should be filed with the BOCC by January 15th of each year and balance to the general ledger of the County Treasurer.
- An annual Sheriff Board of Prisoners report should be filed with the BOCC by January 15th of each year documenting incarceration recovery costs and disbursements.

Management Response:

County Sheriff: A yearly Sheriff Commissary report and Sheriff Board of Prisoners report will be prepared and filed with the BOCC by January 15 of each year.

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

**WASHITA COUNTY, OKLAHOMA
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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 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

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.

The GAO Standards – Principle 16 – Perform Monitoring Activities: 16.05 states, in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.

Title 19 O.S. § 180.43(A) states in part, “Each county sheriff may contract with any public or private entity engaged in the business of transportation of prisoners, the Department of Justice of the United States of America, the Department of Corrections, or any municipality of this state for the feeding, care, housing, and upkeep of federal, state, or municipal prisoners, or alien detainees incarcerated in the county jail [...]. [...] The sheriff shall file an annual report with the board of county commissioners no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report as on other public records of the county.”

Title 19 O.S. § 180.43(D) states in part, “Each county sheriff may operate...a commissary 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 Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

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Finding 2022-009 – Lack of Internal Controls and Noncompliance Over the Court Clerk’s Receipting and Disbursement Processes (Repeat Finding – 2017-009, 2020-009, 2021-009)

Condition: Upon inquiry and observation of records, we noted that 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. It was also noted that the Court Clerk does not always sign as purchasing agent and that claims are not always approved by a majority of the Governing Board.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to segregation of duties over all aspects of the collection, disbursement, and reporting and reconciliation processes of Court Fund and Court Clerk Revolving Fund.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Further, a single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in the untimely detection of unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends that the receipting and disbursement processes be adequately segregated to strengthen the internal controls. OSAI further recommends management implement internal controls over the expenditure process to safeguard assets to ensure compliance with 19 O.S. § 220 and 20 O.S. § 1304.

Management Response:

County Court Clerk: I will implement a review by a separate individual over the reconciliation process with the County Treasurer for the Court Fund. I will sign all claims as the Purchasing Agent/Court Clerk and ensure the designated receiving officer verifies goods received and sign claims as the receiving officer. Further, all Court Fund and Court Clerk Revolving Fund claims will be approved by the majority of the Governing Board.

Criteria: The GAO Standards – Principal 10 – Design and Control Activities – 10.03 states 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, Principal 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.

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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. § 220 provides guidance with regards to the expenditure process for the Court Clerk Revolving Fund.

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

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



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