



WASHITA COUNTY

County Audit

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**WASHITA COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

January 23, 2020

TO THE CITIZENS OF
WASHITA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washita County, Oklahoma for the fiscal year ended June 30, 2019. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is fluid and cursive, with the first letters of the first and last names being capitalized.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**WASHITA COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
WASHITA COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Washita County, Oklahoma, as of and for the year ended June 30, 2019, 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 Washita 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 Washita County as of June 30, 2019, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Washita County, for the year ended June 30, 2019, 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 combined 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 are not a required part of the financial statement.

The 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 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 January 21, 2020, 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.

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

January 21, 2020

REGULATORY BASIS FINANCIAL STATEMENT

WASHITA COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
County General	\$ 968,970	\$ 2,565,649	\$ 7,662	\$ -	\$ 2,268,237	\$ 1,274,044
County Highway Unrestricted	5,625,665	4,277,913	-	-	5,031,740	4,871,838
County Sales Tax	1,600,073	-	-	1,540,976	59,097	-
County Bridge and Road Improvement	1,333,171	444,958	13,792	-	205,062	1,586,859
Washita Sinking	1,200	-	-	1,200	-	-
County Building Insurance Fund	451	-	-	451	-	-
Washita Industrial Sinking	5,826	-	-	5,826	-	-
Sheriff Service Fee	242,772	182,392	456,137	-	284,068	597,233
Sheriff Board of Prisoners	363,803	44,818	-	314,559	94,062	-
Treasurer Mortgage Certification Fee	11,402	2,485	-	-	1,202	12,685
County Clerk Lien Fee	83,040	13,738	-	-	16,127	80,651
County Clerk Records Management and Preservation	25,837	19,775	-	-	39,179	6,433
Assessor Revolving Fee	18,619	3,378	-	-	2,099	19,898
Resale Property	202,755	62,327	-	-	62,473	202,609
County Bridge and Road Improvement 103	13,792	-	-	13,792	-	-
Courthouse Security	140,798	780	-	141,578	-	-
CENA Grant Fund	-	2,168	-	-	2,168	-
911 Phone Fees	51,191	69,792	-	-	72,813	48,170
Sheriff Commissary	103,729	55,730	-	-	46,315	113,144
Court Clerk Payroll	4,104	52,347	-	-	52,234	4,217
Washita/Custer Drug Court	168,845	131,611	-	-	122,653	177,803
Safe Room Grant	9,827	6,000	-	-	15,827	-
EMPG Grant	6,751	12,947	-	-	12,417	7,281
REAP Grant	-	52,847	-	-	52,847	-
Sheriff Drug Buy	82,469	-	-	-	-	82,469
Local Emergency Planning Committee	-	3,934	-	-	2,934	1,000
Ambulance Service District Sales Tax	-	121,015	188,300	-	133,994	175,321
OSU Extension Sales Tax	-	147,000	281,567	-	71,705	356,862
Free Fair Sales Tax	-	31,346	27,920	-	28,731	30,535
General Government Sales Tax	-	60,000	226,216	-	64,255	221,961
Jail Sales Tax	-	824,840	-	-	824,840	-
Rural Fire Sales Tax	-	443,749	709,643	-	272,439	880,953
Senior Citizens Center Sales Tax	-	63,000	107,145	-	29,856	140,289
Combined Total - All County Funds	\$ 11,065,090	\$ 9,696,539	\$ 2,018,382	\$ 2,018,382	\$ 9,869,374	\$ 10,892,255

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, 2019**

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 districts, libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

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

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

County Sales Tax – accounts for the collection of sales tax revenue and distributed to the Washita County Ambulance District; Washita County Cooperative Extension Service and 4-H; Washita County Free Fair; Washita County General Government for capital maintenance for the jail; fair facilities, and courthouse; Washita County Rural Fire Departments and the Washita County Senior Citizen Centers, During the fiscal year, individual funds were created for the receipt of sales tax collections and the County Sales Tax fund became inactive in July 2018.

County Bridge and Road Improvement – accounts for collections from the State of Oklahoma and disbursements are for the purpose of maintaining bridges and roads.

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Washita Sinking – accounts for the remaining balance of ad valorem taxes collected to pay off the debt of a chicken plant. There has been no activity in this fund since the fiscal year ending 2009; therefore, the remaining funds were transferred to the County General fund in July 2018 in accordance with 62 O.S. § 445.

County Building Insurance Fund – accounts for the remaining balance from an insurance claim. There has been no activity in this fund since fiscal year ending 2013; therefore, the remaining funds were transferred to the County General fund in July 2018 in accordance with 62 O.S. § 445.

Washita Industrial Sinking – accounts for the remaining balance of ad valorem taxes collected to pay off the debt of the Robertson Factory. There has been no activity in this fund since fiscal year ending 2013; therefore, the remaining funds were transferred to the County General fund in July 2018 in accordance with 62 O.S. § 445.

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

Sheriff Board of Prisoners – accounts for the collection of funding from the State Department of Corrections, local police department and fees collected through the courts for administrative expenses and supervision of offenders; however, the remaining funds were transferred to the Sheriff Service Fee fund in July 2018 to comply with 19 O.S. § 180.43 for the maintenance and operations of the jail.

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

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

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 the preservation of records.

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

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

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

County Bridge and Road Improvement 103 – accounts for state receipts and disbursements for the purpose of maintaining bridges; however, the remaining funds were transferred to the County Bridge and Road Improvement fund in July 2018 to combine the accounts, which are used for the same purpose.

Courthouse Security – accounts for fees collected through the courts and distributed for courthouse security; however, the remaining funds were transferred to the Sheriff Service Fee fund in July 2018 for operations of courthouse security.

CENA Grant Fund – accounts for the collection of grant money and disbursed for operation of the Cloud Chief Community Center and Cowden Community Center.

911 Phone Fees – accounts for fees collected on land line and cellular telephone bills and disbursed to establish and provide continuous 911 services for the County.

Sheriff Commissary – accounts for profits made from the sale of commissary items to inmates and disbursed for operations of the jail.

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

Washita/Custer Drug Court – accounts for monies collected from the Oklahoma Department of Mental Health and Substance Abuse Services and disbursed for salaries of the drug court administration.

Safe Room Grant – accounts for federal grant money received to be disbursed according to the grant agreement.

EMPG Grant – accounts for federal grant money received to be disbursed according to the grant agreement.

REAP Grant – accounts for state grant money received to be disbursed according to the grant agreement for economic development.

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.

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

Ambulance Service District Sales Tax – established in July 2018 from the County Sales Tax fund to account for the collection of sales tax money and to be disbursed for maintenance and operations of the Ambulance Service District.

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

OSU Extension Sales Tax – established in July 2018 from the County Sales Tax fund to account for the collection of sales tax money and to be disbursed for maintenance and operations of the OSU Extension Service and 4-H.

Free Fair Sales Tax – established in July 2018 from the County Sales Tax fund to account for the collection of sales tax money and to be disbursed for maintenance and operations of the Washita County Free Fair.

General Government Sales Tax – established in July 2018 from the County Sales Tax fund to account for the collection of sales tax money and to be disbursed for maintenance and operations of the Washita County Courthouse, County Jail, and County Fair Facilities.

Jail Sales Tax – accounts for sales tax collections disbursed for the indebtedness in the construction and equipping of the jail facility.

Rural Fire Sales Tax – established in July 2018 from the County Sales Tax fund to account for the collection of sales tax money and to be disbursed for maintenance and operations of Rural Fire Departments.

Senior Citizens Center Sales Tax – established in July 2018 from the County Sales Tax fund to account for the collection of sales tax money and to be disbursed for the maintenance and operations of the Senior Citizens Centers.

C. Basis of Accounting

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

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format 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, 2019**

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 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, 2019**

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; although, the County expects such amounts, if any, to be immaterial.

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

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 cent (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 cent (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 Sales Tax fund.

Sales Tax of February 11, 2014

On February 11, 2014, the voters of Washita County approved five-eighths (5/8) of one percent (1%) sales tax. This sales tax became effective October 1, 2014 and shall remain in effect for 60 months. The sales tax was established to provide revenues as follows:

- 49% for the Washita County Cooperative Extension Service and 4-H, not to exceed \$147,000.
- 10% for the Washita County Free Fair and Junior Livestock Show, not to exceed \$30,000.
- 21% for the Washita County Senior Citizens Centers, not to exceed \$63,000.
- 20% for the Washita County Capital Maintenance for the County Jail, and County Fair Facilities and Courthouse, not to exceed \$60,000.

The allocation to the groups is not to exceed the amount stated above and any overage shall go to the County General Fund. This sales tax shall have a duration of sixty (60) months until October 1, 2019. This sales tax is accounted for within the following funds: County Sales Tax, OSU Extension Sales Tax, Free Fair Sales Tax, General Government Sales Tax, Jail Sales Tax, Senior Citizens Sales Tax, and County General.

Sales Tax of June 24, 2014

On June 24, 2014, the voters of Washita County approved a five-eighths (5/8) of one percent (1%) sales tax. This sales tax became effective October 1, 2014. The sales tax was established to provide revenue as follows:

- 78.571429% for the Washita County Fire Departments, not to exceed \$396,000.
- 21.428571% for the Washita County Ambulance Service, not to exceed \$108,000.

The allocation to the groups is not to exceed the amount stated above and any overage shall go to

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

the County General Fund. This sales tax shall have a duration of sixty (60) months. This sales tax is accounted for within the County Sales Tax fund, Rural Fire Sales Tax fund, Ambulance Sales Tax fund, and the County General fund.

D. Interfund Transfers

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

- \$1,540,976 was transferred from the County Sales Tax fund to establish separate sales tax funds listed as follows: Ambulance Service District Sales Tax \$188,300, OSU Extension Sales Tax \$281,567, Free Fair Sales Tax \$27,920, General Government Sales Tax \$226,216, Rural Fire Sales Tax \$709,643, Senior Citizen Sales Tax \$107,145, and the County General fund \$185, by Board of County Commissioner's (BOCC) resolution to close the fund.
- \$13,792 was transferred from the County Bridge and Road Improvement 103 fund to County Bridge and Road Improvement fund by BOCC Resolution to close the fund.
- \$7,477 was transferred to the County General fund from the following: \$1,200 from the Washita Sinking fund, \$451 from the County Building Insurance Fund, and \$5,826 from the Washita Industrial Sinking fund by BOCC resolution to close the funds in accordance with 62 O. S. § 445.
- \$456,137 was transferred to the Sheriff Service Fee fund from the following: \$314,559 from the Sheriff Board of Prisoners fund by BOCC resolution to close the fund in accordance with 19 O.S. § 180.43, and \$141,578 from the Courthouse Security fund by BOCC resolution to close the fund in accordance with 28 O.S. § 153.

SUPPLEMENTARY INFORMATION

WASHITA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 968,970	\$ 968,970	\$ -
Less: Prior Year Outstanding Warrants	(83,755)	(83,755)	-
Less: Prior Year Encumbrances	(34,221)	(26,430)	7,791
Beginning Cash Balances, Budgetary Basis	850,994	858,785	7,791
Net Residual Transfers	-	7,662	7,662
Total Receipts, Budgetary Basis	1,780,023	2,565,649	785,626
Total Expenditures, Budgetary Basis	2,631,017	2,391,105	239,912
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,040,991	\$ 1,040,991
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		193,943	
Add: Current Year Encumbrances		39,110	
Ending Cash Balance		\$ 1,274,044	

**WASHITA COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. Budgetary Schedules

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION

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

TO THE OFFICERS OF
WASHITA COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Washita County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Washita County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 21, 2020.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2019, 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 Washita County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency: 2019-002.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Washita County's Response to Findings

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

Purpose of this Report

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 21, 2020

**WASHITA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Finding 2019-002 – Lack of Internal Controls and Noncompliance Over the Disbursements of County Sales Tax (Repeat Finding - 2016-002, 2017-002, 2018-002)

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

- Sales tax appropriations and expenditures were not discreetly presented within the County General fund. The County apportioned \$313,772 in sales tax collections to the County General fund during fiscal year ended June 30, 2019. Since the sales tax collections were commingled with other sources of revenue, we could neither determine how much sales tax was expended nor perform a test of sales tax expenditures for the County General fund.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with AG Opinions and 68 O.S. § 1370E.

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

Recommendation: The Oklahoma State Auditor's Office (OSAI) recommends that the County sales tax apportioned to the County General fund be accounted for in a separate account so as to discreetly present the expenditures. In addition, the sales tax should be expended in such a manner to provide assurance that expenditures are made in accordance with the purposes specified by the ballot as outlined by 68 O.S. § 1370E and AG Opinions.

Management Response:

Chair of the Board of County Commissioners: We have established, for fiscal year 2019-2020, a separate line item under General Government within the County General fund to identify appropriations and expenditures of sales tax collections.

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

**WASHITA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Further, GAO Standards – Principle 6 – Define Objectives and Risk Tolerances - 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

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

Further, AG opinion 2005 OK AG 3 dated 7/13/2005 states:

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

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

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues, Oka. Const. art. X, § 19: 68 O.S. 2011, § 1370; 19 .S. Supp. 2013, § 339; 19 O.S. 2011, § 345; Cavin v. Bd. Of Cuntly Comm'rs, 1934 OK 245, 11, 33 P. 2d 477, 479.



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