



WASHITA COUNTY

Financial Audit

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**WASHITA COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

April 18, 2022

TO THE CITIZENS OF
WASHITA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Washita County, Oklahoma for the fiscal year ended June 30, 2020. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**WASHITA COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

TABLE OF CONTENTS

FINANCIAL SECTION

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

SUPPLEMENTARY INFORMATION

Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund.....	12
Note to Supplementary Information	13

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14
Schedule of Findings and Responses	16

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
WASHITA 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 Washita County, Oklahoma, as of and for the year ended June 30, 2020, 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, 2020, 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 Washita County, as of and for the year ended June 30, 2020, 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 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.

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 April 11, 2022, 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

April 11, 2022

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, 2020

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General	\$ 1,274,044	\$ 2,488,400	\$ 2,084	\$ -	\$ 2,494,414	\$ 1,270,114
County Highway Unrestricted	4,871,838	3,776,607	273,375	-	4,937,504	3,984,316
County Bridge and Road Improvement	1,586,859	447,321	-	-	426,114	1,608,066
Sheriff Service Fee	597,233	133,221	-	-	354,995	375,459
Treasurer Mortgage Certification Fee	12,685	2,455	-	-	1,833	13,307
County Clerk Lien Fee	80,651	11,957	2,588	2,588	40,431	52,177
County Clerk Records Management and Preservation	6,433	31,205	-	-	-	37,638
Assessor Revolving Fee	19,898	2,240	-	-	7,862	14,276
Resale Property	202,609	69,881	5,972	-	36,477	241,985
911 Phone Fees	48,170	69,792	-	-	51,245	66,717
Sheriff Commissary	113,144	59,615	-	-	45,640	127,119
Court Clerk Payroll	4,217	44,363	-	-	44,744	3,836
EMPG Grant	7,281	20,000	-	-	17,602	9,679
Sheriff Drug Buy	82,469	-	-	-	4,833	77,636
Local Emergency Planning Committee	1,000	1,000	-	-	68	1,932
Ambulance Service District Sales Tax	175,321	82,347	-	-	20,379	237,289
Extension Sales Tax	356,862	79,770	-	-	69,781	366,851
Fair Sales Tax	30,535	16,534	-	-	29,905	17,164
General Government Sales Tax	221,961	-	-	-	70,399	151,562
Jail Debt Payments	-	857,889	-	-	779,736	78,153
Rural Fire Sales Tax	880,953	196,937	-	-	262,993	814,897
Senior Citizens Center Sales Tax	140,289	29,914	-	-	28,375	141,828
Jail Sales Tax	-	515,901	-	-	370,755	145,146
REAP Grant	-	138,292	-	-	138,292	-
CENA Grant Fund	-	2,006	2,588	2,588	2,006	-
Total - All County Funds, as Restated	\$ 10,714,452	\$ 9,077,647	\$ 286,607	\$ 5,176	\$ 10,236,383	\$ 9,837,147

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, 2020**

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 within the financial statement:

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

County Highway Unrestricted – accounts for state, local, and miscellaneous receipts to be disbursed 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.

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.

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed in the County Clerk's office to be disbursed 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.

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

911 Phone Fees – accounts for fees collected on land line and cellular telephone bills to be 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 to be disbursed for operations of the jail.

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

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

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 grant requirements.

Ambulance Service District Sales Tax – accounts for the collection of sales tax money to be disbursed for maintenance and operations of the Ambulance Service District.

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

Fair Sales Tax – accounts for the collection of sales tax money to be disbursed for maintenance and operations of the Washita County Free Fair.

General Government Sales Tax – accounts for the collection of sales tax money to be disbursed for maintenance and operations of the Washita County Courthouse, County Jail, and County Fair Facilities.

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Rural Fire Sales Tax – accounts for the collection of sales tax money to be disbursed for maintenance and operations of Rural Fire Departments.

Senior Citizens Center Sales Tax – accounts for the collection of sales tax money to be disbursed for the maintenance and operations of the Senior Citizens Centers.

Jail Sales Tax – accounts for the collection of sales tax money to be disbursed for the indebtedness in the construction and equipping of the jail facility.

REAP Grant – accounts for grant money received to be disbursed for economic development according to grant requirements.

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

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 prepare financial statements either 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 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

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 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.

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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, 2020**

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 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 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, expiring September 30, 2019. This sales tax is accounted for within the Extension Sales Tax fund, Fair Sales Tax fund, Senior Citizens Center Sales Tax fund, General Government Sales Tax fund, Jail Sales Tax fund, and County General fund.

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 was established to provide revenue as follows: 78.57% for the Washita County Fire Departments, not to exceed \$396,000; 21.42% 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 the County General Fund. This sales tax shall have a duration of sixty (60) months, expiring September 30, 2019. This sales tax is accounted for within the Rural Fire Sales Tax fund and the Ambulance Service District Sales Tax 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:

**WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 Sales Tax fund, County General fund, Rural Fire Sales Tax fund, Extension Sales Tax fund, Ambulance Service District Sales Tax fund, Senior Citizens Center Sales Tax fund, and Fair Sales Tax fund.

E. Interfund Transfers

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

- \$2,588 was transferred to the CENA Grant Fund from the County Clerk Lien Fee fund as an interfund temporary loan transfer for operating expenses as allowed by 68 O.S. § 3021.
- \$2,588 was transferred to the County Clerk Lien Fee fund from the CENA Grant Fund to reimburse the original interfund loan transfer in accordance with 68 O.S. § 3021.
- \$5,972 was transferred to Resale Property fund from the Excess Resale fund (a trust and agency fund) in accordance with 68 O.S. § 3131C.
- \$2,084 was transferred to the County General fund from the Sheriff Estray Cattle (a trust and agency fund) as restricted by state statute 4 O.S. § 85.6d.
- \$273,375 was transferred to the County Highway Unrestricted fund from the Emergency Transportation Revolving fund (a trust and agency fund) to fund a bridge and road projects within the County.

F. Restatement of Fund Balance

During the fiscal year, the County had a reclassification of funds. Drug Court was reclassified as a Trust and Agency fund and represents expenditures of drug court expenses.

Prior year ending balance, as reported	\$10,892,255
Funds reclassified as Trust and Agency Funds:	
Drug Court reclassified from a	
County Fund to a Trust and Agency fund	<u>177,803</u>
Prior year ending balance, as restated	<u>\$10,714,452</u>

SUPPLEMENTARY INFORMATION

WASHITA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund		
	Budget	Actual	Variance
District Attorney County	\$ 4,700	\$ 4,700	\$ -
County Sheriff	1,190,000	1,163,744	26,256
County Treasurer	182,444	179,150	3,294
County Clerk	243,670	243,641	29
Court Clerk	188,600	180,841	7,759
County Assessor	122,272	120,241	2,031
Revaluation of Real Property	132,779	121,465	11,314
General Government	570,819	340,596	230,223
Excise-Equalization Board	4,150	3,254	896
County Election Board	89,822	89,543	279
County Audit Budget Account	31,028	15,488	15,540
Total Expenditures, Budgetary Basis	<u>\$ 2,760,284</u>	<u>\$ 2,462,663</u>	<u>\$ 297,621</u>

**WASHITA COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. Budgetary Schedules

The Comparative Schedule of Expenditures—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 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 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, 2020, and the related notes to the financial statement, which collectively comprise Washita County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 11, 2022.

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, 2020, 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) 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 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 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 responses that we consider to be a material weakness: 2020-006.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-006.

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.

Washita County's Response to Findings

Washita County's response to the findings identified in our audit is 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 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

April 11, 2022

**WASHITA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-006 – Lack of Internal Controls and Noncompliance Over the Disbursement Process

Condition: Upon inquiry of personnel over the payroll process, it was noted that a County Official did not submit written authorization for a salary change of an employee.

Further, the audit of forty-nine (49) disbursements reflected the following:

- Five (5) instances in which the invoice attached to the purchase order was not dated; therefore, it could not be determined if funds were encumbered prior to receiving the goods or services.
- Four (4) instances in which the payroll affidavit was not signed by the Board of County Commissioners.

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

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

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design and implement internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services. OSAI further recommends that written authorizations for salary changes be submitted and maintained within each employee's personnel file.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to all departments the encumbrance of funds is made prior to the receipt of good/services and that vendor invoices should be dated. We will also express to all departments that written authorization of salary changes be presented to the County Clerk.

County Clerk: All payroll affidavits are now signed by the BOCC.

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, 2020**

The GAO Standards – Principal 10 – Design 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.

Appropriate Documentation of Transactions and Internal Control

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

Further, effective internal controls require that management properly implement procedures to ensure purchases comply with 19 O.S. § 1505.

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 2020-009 – Lack of Internal Controls Over the Collection and Reconciliation Processes of the Court Clerk (Repeat Finding - 2017-009)

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.

Cause of Condition: Policies and procedures have not been designed and implemented to separate duties and review processes over the Court Fund and the Court Clerk Revolving Fund.

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

Recommendation: OSAI recommends management be aware of these conditions and design and implement internal controls over the collection, reconciliation, and disbursement processes within the office of the Court Clerk.

**WASHITA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Management Response:

Court Clerk: We will work to design and implement internal controls over the collection, reconciliation and expenditure processes for the Court Fund and the Court Clerk Revolving Fund.

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.



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