



# WOODWARD COUNTY

## Financial Audit

For the fiscal year ended June 30, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

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March 21, 2022

TO THE CITIZENS OF  
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward 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,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



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

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**Board of County Commissioners**

District 1 – Troy White  
District 2 – Randy Johnson  
District 3 – Vernie Matt

**County Assessor**

Mistie Dunn

**County Clerk**

Wendy Dunlap

**County Sheriff**

Kevin Mitchell

**County Treasurer**

Kim Bowers

**Court Clerk**

Tammy Roberts

**District Attorney**

Christopher Boring

**WOODWARD COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**TABLE OF CONTENTS**

FINANCIAL SECTION

Report of State Auditor and Inspector ..... 1

    Financial Statement:

        Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis ..... 4

        Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

    Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 13

    Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 14

    Note to Supplementary Information..... 15

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards*..... 16

Schedule of Findings and Responses..... 18

**FINANCIAL SECTION**

## Independent Auditor's Report

TO THE OFFICERS OF  
WOODWARD 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 Woodward 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 Woodward 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 Woodward 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 Woodward 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 February 8, 2022, on our consideration of Woodward 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 Woodward County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

February 8, 2022

**REGULATORY BASIS FINANCIAL STATEMENT**

**WOODWARD 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	\$ 3,215,586	\$ 3,926,447	\$ -	\$ -	\$ 3,919,175	\$ 3,222,858
County Highway Unrestricted	2,443,036	3,685,891	-	284,994	3,508,741	2,335,192
County Bridge and Road Improvement	658,776	357,306	-	-	142,185	873,897
Health	507,754	368,804	-	-	360,867	515,691
Use Tax-ST	-	145,940	-	-	21,023	124,917
Sales Tax	3,582,343	-	-	3,433,463	148,880	-
Rural Fire-ST	-	276,933	304,572	-	354,543	226,962
Fair-ST	-	114,579	162,475	-	34,265	242,789
Extension-ST	-	115,419	444,278	-	66,692	493,005
Fire Safety and Burn Prevention-ST	-	83,422	189,877	-	80,323	192,976
D.A.R.E. (Drug Education)-ST	-	121,168	116,127	-	119,182	118,113
Jail-ST	-	706,040	120,594	-	724,403	102,231
Fair Improvement-ST	-	1,732,842	2,095,540	-	1,367,021	2,461,361
911 Phone Fees	179,419	354,031	419,505	-	317,439	635,516
Wireless 911 Cell Phone	419,505	-	-	419,505	-	-
Assessor Revolving Fee	29,449	2,815	-	-	11,683	20,581
Assessor Visual Inspection	2,164	-	-	-	2,164	-
County Clerk Lien Fee	52,520	13,408	-	-	18,133	47,795
County Clerk Records Management and Preservation	59,655	37,107	-	-	30,647	66,115
Court Fund Payroll	4,701	101,634	-	-	90,931	15,404
Flood Plain	5,762	500	-	-	1,605	4,657
Free Fair Board	141,146	108,471	-	-	210,500	39,117
Juvenile Detention	16,204	6	-	-	15,209	1,001
Resale Property	479,090	87,276	471	-	61,033	505,804
Reward Fund	439	117	-	-	-	556
Sheriff Board of Prisoners	74,701	129,476	-	-	173,792	30,385
Sheriff Commissary	64,513	21,484	-	-	72,126	13,871
Sheriff Service Fee	218,195	156,183	-	-	221,123	153,255
Treasurer Mortgage Certification	21,538	4,084	-	-	2,261	23,361
Drug Court	82,460	19,505	-	-	28,540	73,425
County Donations	-	8,749	-	-	-	8,749
Lake Patrol	9,472	20,724	-	-	8,912	21,284
Fire Management Assistance Grant	-	52,819	284,994	-	284,994	52,819
<b>Total - All County Funds, As Restated</b>	<u>\$ 12,268,428</u>	<u>\$ 12,753,180</u>	<u>\$ 4,138,433</u>	<u>\$ 4,137,962</u>	<u>\$ 12,398,392</u>	<u>\$ 12,623,687</u>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Woodward 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, 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.

During the fiscal year ended June 30, 2020, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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 state, local and miscellaneous receipts and disbursement for the purpose of construction and maintaining county bridges and roads.

Health – accounts for monies collected on behalf of the County Health Department from ad valorem taxes and state and local revenues and disbursed for the operation of the health department.

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

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Use Tax-ST – accounts for the use tax collected by the State of Oklahoma and remitted to the County. Funds are to be spent as directed by the Board of County Commissioners.

Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by sales tax ballot.

Rural Fire-ST – accounts for the collection of sales tax revenue for rural fire departments and the disbursement of funds as restricted by the sales tax ballot.

Fair-ST – accounts for the collection of sales tax revenue for the Fair Board and the disbursement of funds as restricted by the sales tax ballot.

Extension-ST – accounts for the collection of sales tax revenue for Oklahoma State University County Extension and the disbursement of funds as restricted by the sales tax ballot.

Fire Safety and Burn Prevention-ST – accounts for the collection of sales tax revenue for a fire safety and prevention education program and the disbursement of funds as restricted by the sales tax ballot.

D.A.R.E. (Drug Education)-ST – accounts for the collection of sales tax revenue for a youth drug abuse resistance education program or similar program and the disbursement of funds as restricted by the sales tax ballot.

Jail-ST – accounts for the collection of sales tax revenue for the jail and the disbursement of funds as restricted by the sales tax ballot.

Fair Improvement-ST – accounts for the collection of sales tax revenue for fairground improvements and the disbursement of funds as restricted by the sales tax ballot.

911 Phone Fees – accounts for the collection of 911 fees received from phone companies. Funds are disbursed to defray the cost of E-911 services.

Wireless 911 Cell Phone – accounts for the revenue from fees charged on cell phones. Funds are disbursed to defray the cost of E-911 services.

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

Assessor Visual Inspection – accounts for the receipt and disbursement of funds by the Assessor as restricted by the state statute for the visual inspection program.

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

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

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

Court Fund Payroll – accounts for funds deposited to be disbursed for payroll for the Court Clerk’s office.

Flood Plain – accounts for the collection of fees for flood plain permits issued by the Woodward County Flood Plain Board. Disbursements are for the operations of the program.

Free Fair Board – accounts for the collections of revenue generated from building rent, booth rent, and other fees and disbursed for the purpose of Woodward County Free Fair.

Juvenile Detention – accounts for state grants and county reimbursements and disbursements are to support the programs and services provided at the juvenile detention facility.

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

Reward Fund – accounts for collections remitted by the Court Clerk on cases where flaming or glowing substances are thrown from vehicles. Disbursements are for rewards for information leading to the arrest and conviction of such persons as outlined by state statute.

Sheriff Board of Prisoners – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

Sheriff Commissary – accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods and operating and maintaining the jail. Excess funds are used for maintenance and operations of the Sheriff’s department.

Sheriff Service Fee – accounts for the collection and disbursement of sheriff process service fees as restricted by state statute.

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

Drug Court – accounts for the payment of court costs, treatment costs, supervision fees, and program user fees by the offender. Disbursements are for testing, incentives, and the supervision salary.

County Donations – accounts for donations received through the Board of County Commissioners and disbursed for the purpose designated at the time of the donation.

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

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Lake Patrol – accounts for collections from the State of Oklahoma. Disbursements are for the salary of a Sheriff’s deputy to patrol Fort Supply Lake area.

Fire Management Assistance Grant – accounts for the monies received from the Federal government to assist in fire management and disbursed in accordance with 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, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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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.

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



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

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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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**D. Sales Tax**

**Sales Tax of June 1, 1994**

The voters of Woodward County approved an unlimited one-fifth (1/5%) percent of one cent sales tax that became effective June 1, 1994. The sales tax is distributed among the following entities within the Sales Tax fund: firefighting services (37.5%); county fair board (16.5%); OSU Extension Office (16.5%); fire safety and prevention (12%); and drug abuse assistance education (17.5%). The sales tax is accounted for in the Rural Fire-ST fund, Fair-ST fund, Extension-ST fund, Fire Safety and Burn Prevention-ST fund, and D.A.R.E. (Drug Education)-ST fund.

**Sales Tax of August 11, 2009**

The voters of Woodward County approved a sales tax of five-eighths (5/8%) percent of one cent on August 11, 2009 for the purpose of acquisition, construction and equipping a new Woodward

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

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County Detention Facility, and operating and maintaining the Woodward County Detention Facility. A portion of the sales tax, .425 of one (1) cent, the portion with a limited duration of ten (10) years from the date of commencement, or until principal and interest upon indebtedness incurred on behalf of Woodward County at the Woodward County Public Facilities Authority in furtherance of the new county detention facility has expired. The remaining portion of such sales tax, one-fifth (1/5) of one (1) cent, to continue until repealed by a majority of the electors of Woodward County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency. The sales tax is accounted for in the Jail-ST fund.

**Sales Tax of February 12, 2013**

On February 12, 2013, county voters authorized a one-half (.50%) of one percent sales tax on gross receipts or proceeds on certain sales for the purpose of design, construction, financing, furnishings, capital facilities and improvements, equipment, fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new Woodward County Fairgrounds and Expo Facility to be located in Woodward County. The sales tax is to terminate thirteen (13) years from the effective date of the tax or at the date of retirement of any debt. One-tenth (1/10) of one percent shall be perpetual to be used for operation and maintenance of the new fairgrounds and expo facility and shall remain outstanding until lawfully repealed. The sales tax is accounted for in the Fair Improvement-ST fund.

**E. Tax Abatements**

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$286,867 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2020.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement,

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

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claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

**F. Interfund Transfers**

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

- \$284,994 was transferred from the County Highway Unrestricted fund to the Fire Management Assistant Grant fund by the Board of County Commissioners (BOCC) Resolution to establish this fund.
- \$3,433,463 was transferred from the Sales Tax fund by BOCC Resolution to close the fund and to establish the following funds:

Rural Fire-ST	\$304,572
Fair-ST	\$162,475
Extension-ST	\$444,278
Fire Safety and Burn Prevention-ST	\$189,877
D.A.R.E(Drug Education)-ST	\$116,127
Jail-ST	\$120,594
Fair Improvement-ST	\$2,095,540

- \$419,505 was transferred from the Wireless 911 Cell Phone fund to the 911 Phone Fees fund by BOCC Resolution to close the fund.
- \$471 was transferred from the Excess Resale fund, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131C.

**G. Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. The Free Fair Board fund was reclassified as a county fund.

Prior year ending balance, as reported	\$12,127,282
Funds reclassified to County Funds:	
Free Fair Board reclassified from a Trust and Agency Fund to a County Fund	<u>141,146</u>
Prior year ending balance, as restated	<u>\$12,268,428</u>

**SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 3,000	\$ 3,000	\$ -
County Sheriff	1,494,897	1,472,517	22,380
County Treasurer	210,515	210,379	136
County Commissioners	281,467	259,447	22,020
County Clerk	329,877	327,818	2,059
Court Clerk	384,850	384,351	499
County Assessor	288,741	285,430	3,311
Revaluation of Real Property	239,481	189,032	50,449
Juvenile Shelter Bureau: Detention	59,800	50,025	9,775
General Government	2,658,867	444,811	2,214,056
Excise - Equalization Board	5,801	3,845	1,956
County Election Expense	108,779	107,210	1,569
Insurance - Benefits	12,000	5,475	6,525
Charity	1,000	250	750
Recording Account	11,000	10,995	5
Civil Defense	42,000	42,000	-
County Audit Budget Account	30,786	30,580	206
Total Expenditures, Budgetary Basis	\$ 6,162,861	\$ 3,827,165	\$ 2,335,696

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

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 794,745	\$ 318,415	\$ 476,330
Total Expenditures, Budgetary Basis	\$ 794,745	\$ 318,415	\$ 476,330

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

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health 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  
WOODWARD 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 total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Woodward County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Woodward County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 8, 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 as of and 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 Woodward County's internal control over financial reporting (internal control) as a basis for designing 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 Woodward County's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodward 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2020-001 and 2020-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Woodward 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 2020-002.

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

### **Woodward County's Response to Findings**

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

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

February 8, 2022

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

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**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 2020-001 – Lack of County-Wide Controls (Repeat Finding 2012-001, 2013-001, 2019-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the risks of the County.

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

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**County Commissioner District 1:** We have been discussing the handbook in detail for nine months. We have reached a consensus on the handbook and are ready to move onto the Risk Assessment and Monitoring portion of county-wide controls.

**County Commissioner District 2:** I will be actively engaged with the other elected officials to review and adopt county-wide procedures to mitigate risks to Woodward County.

**County Commissioner District 3:** We will be open for discussion on the risk the County faces. We will communicate the procedures we implemented to address these risks. Then we will begin the monitoring process when risk assessment is complete.

**County Clerk:** In November, we will start having a County Officer meeting monthly to address Risk Assessment and Monitoring. The meeting will be held separate from the BOCC meeting with a specific agenda.

**County Treasurer:** We will start working on Risk Assessment and Monitoring.

**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

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

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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.

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

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2020-002 – Lack of Internal Controls and Noncompliance Over the Disbursement and Payroll Processes (Repeat Finding – 2019-003, 2013-006, 2012-006)**

**Condition:** Upon inquiry of county personnel, observation of the County’s disbursement and payroll processes, the following weaknesses were noted:

- The County does not have 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.

Additionally, while performing the disbursement testwork, the following was noted:

- A test of sixty-nine (69) purchase orders selected from county funds and determined:
  - Twelve (12) purchase orders totaling \$755,481 were not requisitioned by an authorized requisitioning agent.

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

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- Eight (8) purchase orders totaling \$225,250 did not have a receiving report attached.
- Eight (8) purchase orders totaling \$140,487 were not encumbered prior to ordering the services or goods.
- Five (5) timesheets totaling \$25,536 were not approved by a supervisor.
- Four (4) purchase orders totaling \$80,813 were disbursements based upon outdated contracts with the City of Woodward.
  - Two (2) purchase orders totaling \$38,813 for land line 911 services were based upon an E-911 Emergency Response Program agreement dated January 30, 2006. The contract states “The Woodward County E-911 Board will be financed by 911 Emergency Wireless Telephone Fee as voted on by the residents of Woodward County.” However, landline fees are being utilized to defray cost. It is not known if a separate agreement existed for the landline fees. The contract does not outline how the amounts to be reimbursed is calculated. One (1) purchase order was encumbered after the invoice date.
  - One (1) purchase order totaling \$3,000 for salary reimbursements did not have supporting documentation. It was determined the purchase order was based upon a contract between the City of Woodward and the Board of Fire Chiefs of Woodward County dated June 20, 2011. It was paid from the Fire Safety and Burn Prevention-ST fund to help fund a youth fire safety and burn prevention education program.
  - One (1) purchase order totaling \$42,000 for an emergency management conservation fee did not have supporting documentation. The expenditure was based upon an agreement for joint emergency management services dated July 10, 2006. The agreement stipulated the County was to provide \$10,000 per year.
- Three (3) purchase orders totaling \$121,480 did not have an invoice attached.
- Three (3) payroll disbursements totaling \$5,170 did not have a timesheet attached.
- Two (2) payroll disbursements totaling \$18,543 were not approved by the BOCC.
- One (1) purchase order totaling \$42,000 was paid from the wrong account.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statute and to ensure internal controls over the disbursement and payroll processes are properly designed and implemented.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors and misappropriation of funds.

**Recommendation:** OSAI recommends the County implement a system of internal controls over the disbursement and payroll processes. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, be supported by adequate documentation, and that purchase orders and warrants should be issued in accordance with 19 O.S. § 1505.

**Management Response:**

**County Commissioner District 1:** I will think about the issues presented and determine a course of action.

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

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**County Commissioner District 2:** I will work with the other elected officials on implementing a system of internal controls to ensure county purchase procedures and payroll process are followed to mitigate risks to Woodward County in accordance with 19 O.S. § 1505.

**County Commissioner District 3:** We will go over the list of purchasing exceptions and will discuss them in the officers' meeting, to decide how to best correct these issues.

**County Clerk:** Fair Debt requisitioning officer and the Fair Board requisitioning officer will be the same person to avoid wrong requisitioning agent signatures. The City of Woodward and BOCC are drawing up new interlocal agreements for the landline 911 fees and wireless 911 fees. We are drawing up an interlocal agreement with City of Woodward for the Emergency Manager's budget to be approved in October 2021. All contracts will be renewed on annual basis. The County Clerk employees will have a meeting on following the state statutes more closely to improve our processes.

**County Sheriff:** We have been encumbering blanket purchase orders for the medical services at the first of the month. We will prepare separate receiving reports for each invoice on a weekly basis instead of once a month. We will double check all timesheets before filing.

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

*Objectives of an Entity - 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 – Defined 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.

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

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

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**SECTION 2—This section contains a certain matter not required to be reported in accordance with *Government Auditing Standards*. However, we believe this matter is significant enough to bring to management’s attention. We recommend that management consider this matter and take appropriate corrective action.**

**Finding 2020-005 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund**

**Condition:** Upon inquiry of county personnel and observation of records for the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, the following weaknesses were noted:

Inmate Trust Fund Checking Account

- A review of the Inmate Trust Fund Checking Account monthly reconciliations indicated a variance between the inmate balances and the cash balance in the account. It was determined there was a variance between the Inmate Trust Fund Checking Account and the inmates’ ledger balances.
- Also, there are no policies in place regarding unclaimed funds.

Sheriff Commissary Fund

- The County Sheriff did not file a financial report for the Sheriff Commissary Fund with the BOCC by January 15<sup>th</sup> in accordance with state statute.

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and misstated financial statements.

**Recommendation:** OSAI recommends the County implement policies and procedures to ensure compliance with state statute. Additionally, OSAI recommends the exact amount due the Sheriff Commissary Fund be determined, and a transfer be made. Finally, OSAI recommends procedures be designed and implemented to ensure the correct amount be transferred to the Sheriff Commissary Fund on a monthly basis.

**Management Response:**

**Chairman of the Board of County Commissioners:** Now that I am aware of this situation, I will discuss with the County Sheriff how to best resolve this issue.

**County Sheriff:** We have already moved funds to the Sheriff Commissary Fund. We will have the Annual Sheriff Commissary Report filed with the Board of County Commissioners by the deadline in the future. We have attempted to resolve unclaimed property I the past. We will continue to work on this issue.

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

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

*Objectives of an Entity - 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.

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

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Title 19 O.S. § 180.43(D) states in part, “...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.”

Title 22 O.S. § 1325(F, H) prescribes the procedures for handling unclaimed property.



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



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