



WOODWARD COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



May 1, 2023

TO THE CITIZENS OF
WOODWARD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Woodward County, Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Troy White
District 2 – Clint White
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, 2021**

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, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by 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, 2021, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Woodward County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The 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 17, 2023, 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

April 17, 2023

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, 2021

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 3,222,858	\$ 3,751,257	\$ 68,363	\$ 149,956	\$ 3,342,627	\$ 3,549,895
County Highway Unrestricted	2,335,192	3,585,833	-	-	3,155,666	2,765,359
County Bridge and Road Improvement	873,897	226,129	-	-	291,464	808,562
Health	515,691	348,370	-	-	312,444	551,617
Use Tax-ST	124,917	371,178	149,956	68,350	402,552	175,149
Rural Fire-ST	226,962	262,313	-	-	165,027	324,248
Fair-ST	242,789	114,462	-	-	138,775	218,476
Extension-ST	493,005	116,690	-	-	70,409	539,286
Fire Safety and Burn Prevention-ST	192,976	112,550	-	-	93,526	212,000
D.A.R.E. (Drug Education)-ST	118,113	120,641	-	-	128,671	110,083
Jail-ST	102,231	687,965	-	-	650,269	139,927
Fair Improvement-ST	2,461,361	1,771,616	-	-	1,514,588	2,718,389
911 Phone Fees	635,516	345,177	-	-	341,887	638,806
Assessor Revolving Fee	20,581	3,507	-	-	2,150	21,938
County Clerk Lien Fee	47,795	10,741	-	-	36,950	21,586
County Clerk Records Management and Preservation	66,115	51,503	-	-	38,267	79,351
Court Fund Payroll	15,404	74,664	-	-	82,059	8,009
Flood Plain	4,657	-	-	-	-	4,657
Free Fair Board	39,117	126,260	-	-	48,153	117,224
Juvenile Detention	1,001	1	-	-	-	1,002
Resale Property	505,804	129,208	-	-	125,538	509,474
Reward Fund	556	120	-	-	-	676
Sheriff Board of Prisoners	30,385	154,651	-	-	14,709	170,327
Sheriff Commissary	13,871	23,712	-	-	34,002	3,581
Sheriff Service Fee	153,255	106,856	-	-	82,539	177,572
Treasurer Mortgage Certification	23,361	4,375	-	-	-	27,736
Drug Court	73,425	35,507	-	-	24,444	84,488
County Donations	8,749	27,656	-	-	31,980	4,425
Lake Patrol	21,284	13,443	-	-	15,892	18,835
Fire Management Assistance Grant	52,819	167,882	-	-	213,323	7,378
Sheriff Forfeiture	-	6,860	-	-	5,700	1,160
Rural Economic Action Plan	-	46,792	-	-	46,792	-
National Association of County & City Health	-	2,500	-	-	-	2,500
Covid Aid and Relief	-	489,311	-	-	-	489,311
American Rescue Plan Act	-	1,962,875	-	-	-	1,962,875
Total - All County Funds	\$ 12,623,687	\$ 15,252,605	\$ 218,319	\$ 218,306	\$ 11,410,403	\$ 16,465,902

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, 2021**

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.

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 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.

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.

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

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.

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

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

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed 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.

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

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.

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.

Sheriff Forfeiture – accounts for the collection and disbursement of forfeited funds as restricted by state statute.

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

National Association of County & City Health – accounts for grant funds awarded to the Health department and disbursements as restricted by grant agreement.

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

Covid Aid and Relief – accounts for the collection of Covid Aid and Relief Economic Stimulus Monies received in response to the COVID-19 pandemic to assist local governments with necessary expenditures incurred due to the public health emergency with respect to COVID-19.

American Rescue Plan Act – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal 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.

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

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.

At June 30, 2021, the County's investments were under-collateralized in the amount of \$240,000.

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.

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

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.

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

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: 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 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. Interfund Transfers

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

- \$149,956 was transferred from the County General fund to the Use Tax–ST fund to move Free Fair funds per the Board of County Commissioner Resolution.
- \$67,000 was transferred from the Use Tax–ST fund to the County General fund to move General Government use tax funds per the Board of County Commissioner Resolution.

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

- \$1,350 was transferred from the Use Tax–ST fund to the County General fund for Court Clerk travel to cover a shortage in the travel budget.
- \$12 was transferred from the 2018 Protest Int AHIP (a trust and agency fund) to the County General fund for a prior year apportionment correction.
- \$1 was transferred from the 2020 Protest Tax Glass Mountain (a trust and agency fund) to the County General fund to close out the fund.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 934,897	\$ 837,306	\$ 97,591
County Treasurer	191,382	190,530	852
County Commissioners	274,764	249,945	24,819
County Clerk	342,081	305,569	36,512
Court Clerk	439,343	412,674	26,669
County Assessor	288,609	274,893	13,716
Revaluation of Real Property	239,349	226,694	12,655
General Government	3,092,866	541,444	2,551,422
Excise-Equalization Board	5,801	4,610	1,191
County Election Board	111,884	107,343	4,541
County Purchasing	11,000	10,828	172
Emergency Management	42,000	-	42,000
Charity	500	250	250
County Jail	291,886	278,908	12,978
County Audit Budget Account	31,452	2,275	29,177
Total Expenditures, Budgetary Basis	\$ 6,297,814	\$ 3,443,269	\$ 2,854,545

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 836,761	\$ 432,764	\$ 403,997
Total Expenditures, Budgetary Basis	\$ 836,761	\$ 432,764	\$ 403,997

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

1. Budgetary Schedules

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

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

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 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, 2021, 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 April 17, 2023.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2021, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Woodward County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of 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 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 material weaknesses: 2021-001 and 2021-002.

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 items 2021-002.

We noted certain matters regarding statutory compliance that we reported to the management of Woodward County, which are 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

April 17, 2023

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2012-001, 2013-001, 2019-001, 2020-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Control Environment and Risk Assessment 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. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: We are now having meetings quarterly. We have made it through the Greenbook.

County Clerk: We have addressed the Control Environment by updating the County Handbook, and we plan to discuss Risk Assessment precautions in our upcoming Officers’ meeting.

County Treasurer: Control Environment and Risk Assessment will be further assessed going forward.

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.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-002 – Lack of Internal Controls and Noncompliance Over the Disbursements and Payroll Processes (Repeat Finding – 2012-006, 2013-006, 2019-003, 2020-002)

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

- The County does not have an adequate segregation of duties regarding payroll expenditures 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.
- Purchase orders are encumbered without a written and signed requisition.
- The Board of County Commissioners (BOCC) reviews and approves purchase orders for payment at separate times when available in the County Clerk’s office and only a summary is approved in the BOCC meeting.
- Live warrants are produced and stored in the County Clerk’s office prior to being approved in an open meeting. Additionally, these warrants are not kept in a continually secured area.
- The Purchasing Agent will enter the date for the encumbrance and requisition on the date the phone call was made regardless of when the encumbrance was applied to the account.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Additionally, the following exceptions were noted with regards to the disbursement process:

- Of the sixty-six (66) disbursements tested:
 - Eight (8) purchase orders totaling \$189,596 were not encumbered prior to the County incurring expenses.
 - Fifteen (15) purchase orders totaling \$162,072 were not supported with adequate documentation.
 - Seven (7) purchase orders totaling \$72,052 were not paid out of a proper account.
 - One (1) purchase order in the amount of \$14,926 contained expenses totaling \$9,940 that were not paid in the proper fiscal year.
 - Four (4) payroll disbursements totaling \$9,001 were not supported by a payroll claim approved by the elected official or department head.
 - One (1) payroll disbursement in the amount of \$1,962 was not approved by a supervisor.
 - One (1) purchase order in the amount of \$246 paid interest charges of \$2.

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

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

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

Additionally, OSAI recommends the County implement internal control procedures in accordance with 62 O.S. § 310.4 to ensure current year funds are not used for the preceding year indebtedness.

Management Response:

Chairman of the Board of County Commissioners: We will follow up with the County Clerk to ensure the Purchasing Agent is following proper purchasing procedures.

County Clerk: We have developed segregation of duties for payroll since hiring new personnel. Additionally, we are ensuring that all purchase orders are being encumbered with a written and signed requisition before encumbering, that all PO's are being approved in an open BOCC meeting, that all warrants are being approved in an open BOCC meeting, all requisitions are being entered in the same date it is encumbered, that all purchases that are made before encumbrance are being noted, supporting documentation is being heavily monitored, the fund and account is going to be more monitored, the payroll expenditures are going to be monitored to ensure that they are approved by the department, and that we be more diligent in not paying taxes or interest on credit card purchases.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

District 2 County Commissioner: My office has started and will continue attaching a receiving report to each lease purchase payment and other bank payment purchase orders. Furthermore, I will be more vigilant in signing the management section of payroll disbursements.

District 3 County Commissioner: I will ensure that all supporting documents match the purchase order amount and that nothing is changed on the purchase order or receiving report. We are working on correcting all vacation time for all employees within my office. I will ensure that donations are not made without proper documentation.

County Sheriff: In the future, the Sheriff's office purchase orders' amounts will be encumbered before a purchase is made and/or on the date of purchase. Blanket purchase orders will also be created for those businesses we frequent to cover those expenditures.

Also, also purchase orders will be verified to have both the original invoice and detailed receiving report attached prior to submission to the purchasing agent.

All payroll claims will be requisitioned out of the proper account by the Sheriff prior to submission to the payroll clerk. Both the payroll claim prepared by the Sheriff's office and the new one that the payroll clerk creates will be signed.

Interest charges will not be paid. All vendors will be given a copy of our county tax exempt form as well and any business that will not honor our inability to pay interest or tax will no longer be used.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – 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.

Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

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

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

Title 62 O.S. § 310.4 states in part, “All unencumbered balances, if any, ... on hand at the close of day June 30, may remain as a credit for said fiscal year up to the close of day September 30, next ... Provided this act shall not be so construed to allow the incurring of a new indebtedness after June 30 chargeable to the appropriation account of the immediately preceding fiscal year.”

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 2021-003 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund

Condition: Upon inquiry of county personnel and review over the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, the following weaknesses were noted:

Inmate Trust Fund Checking Account:

- Although bank reconciliations were performed at June 30, there was an unknown variance of \$140 between the bank’s balance and the ledger balance.
- The County 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.
- Reconciliations are not reviewed by someone other than the preparer.
- The County Sheriff’s office does not track or maintain records for unclaimed funds.
 - Outstanding checks date back to 2006.

Sheriff Commissary Fund:

- The County Sheriff’s office does not file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15th.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- There are outstanding reconciling items consisting of commissary costs, interest, and taxes that have not been transferred to the Sheriff Commissary fund.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and monitor the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in misappropriation of funds, inaccurate records, and incomplete information.

Recommendation: OSAI recommends the following:

- All variances noted during the reconciliation of the Inmate Trust Fund Checking Account should be identified.
- Create policies and procedures to ensure that duties are adequately segregated.
- Create a policy to track and maintain records for unclaimed inmate funds.
- The County Sheriff should file a report of the commissary with the County Commissioners by January 15th, of each year in accordance with 19 O.S. § 180.43.

Management Response:

County Sheriff: I will research and develop a policy regarding unclaimed funds, and outstanding checks withing the inmate trust bank account. I will ensure that all bank reconciliations are reviewed, and all variances are identified. Additionally, I will create a policy to ensure that there is segregation of duties in place when collecting commissary fund, and that all commissary costs and taxes are deposited into the Sheriff Commissary Fund. A commissary report will be filed with the County Clerk by January 15th of each year in accordance with statute.

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

Internal Control System Monitoring

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

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.

**WOODWARD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Additionally, Principle 10 – Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process

Title 19 O.S. § 180.43(D) states in part, “The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

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

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



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