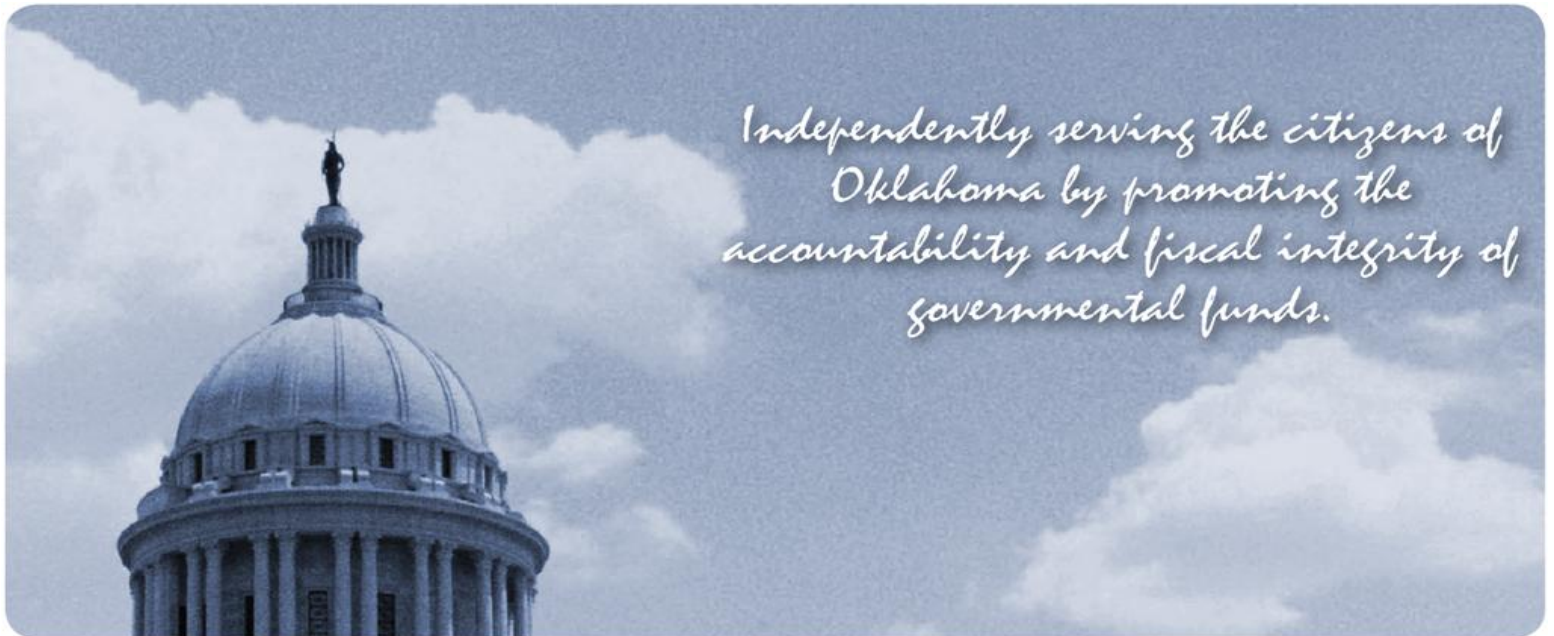


FINANCIAL AUDIT

CLEVELAND COUNTY

For the fiscal year ended June 30, 2014



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**CLEVELAND COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

December 1, 2015

TO THE CITIZENS OF
CLEVELAND COUNTY, OKLAHOMA

Transmitted herewith is the audit of Cleveland County, Oklahoma for the fiscal year ended June 30, 2014. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones", is written over a horizontal line.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**CLEVELAND COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Statistical Information.....	iii
County Officials.....	iv
Ad Valorem Tax Distribution	v
Assessed Value of Property Trend Analysis.....	vi
County Payroll Expenditures Analysis	vii
County General Fund Analysis	viii
County Highway Fund Analysis	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information)—Major Funds.....	4
Notes to the Financial Statement.....	5

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	10
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	12
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	13
Notes to Other Supplementary Information	14
Schedule of Expenditures of Federal Awards	17
Note to the Schedule of Expenditures of Federal Awards.....	18

**CLEVELAND COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

INTERNAL CONTROL AND COMPLIANCE SECTION

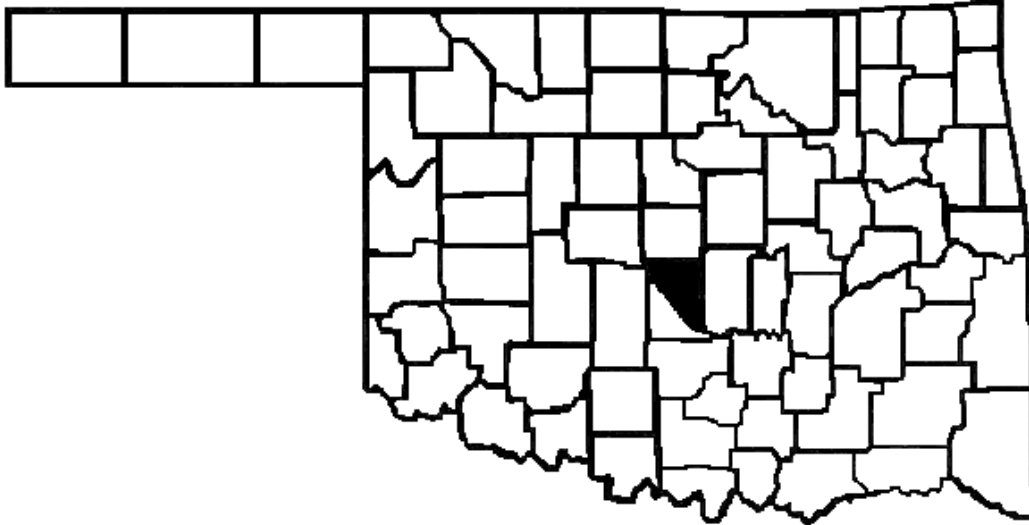
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 19

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over
Compliance Required by OMB Circular A-133 21

Schedule of Findings and Questioned Costs..... 23

**INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES iii - ix
PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**CLEVELAND COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



Opened to settlement in the Land Run of April 22, 1889, Cleveland was one of the seven counties organized as the Oklahoma Territory in 1890. Its first citizens named it for President Grover Cleveland.

Osage Indians had fought the Plains Tribes here where settlers built cities and broke the sod for farms. Explorers pushing westward had marveled at the Cross Timbers in the eastern part of the county and the vast prairies beyond. Colonel A. P. Chouteau established a trading post near Lexington, and Jesse Chisholm ran one of his cattle trails through the county. Washington Irving killed a buffalo in the vicinity of the present-day Moore and wrote about it in *A Tour on the Prairies*.

Cleveland County is the home of the state's largest comprehensive university, the University of Oklahoma in Norman. While other cities were battling to become the capital, Norman's mayor skillfully directed a bill through the Territorial Legislature designating Norman as the site for the first institution of higher learning.

Although Cleveland County is the eighth smallest Oklahoma county in area, it has the third largest population and two of the state's largest cities, Norman and Moore. Farming, oil production and horse breeding are important industries. For more information, call the county clerk's office at (405) 366-0240.

County Seat – Norman

Area – 558.34 Square Miles

County Population – 265,638
(2012 est.)

Farms – 1,327

Land in Farms – 159,816 Acres

Primary Source: Oklahoma Almanac 2013-2014

**CLEVELAND COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Board of County Commissioners

District 1 – Rod Cleveland
District 2 – Darry Stacy
District 3 – Rusty Sullivan

County Assessor

David Tinsley

County Clerk

Tammy Belinson

County Sheriff

Joe Lester

County Treasurer

Jim Reynolds

Court Clerk

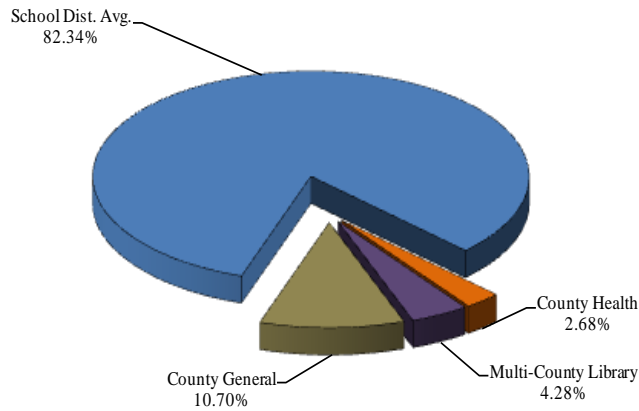
Rhonda Hall

District Attorney

Greg Mashburn

**CLEVELAND COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

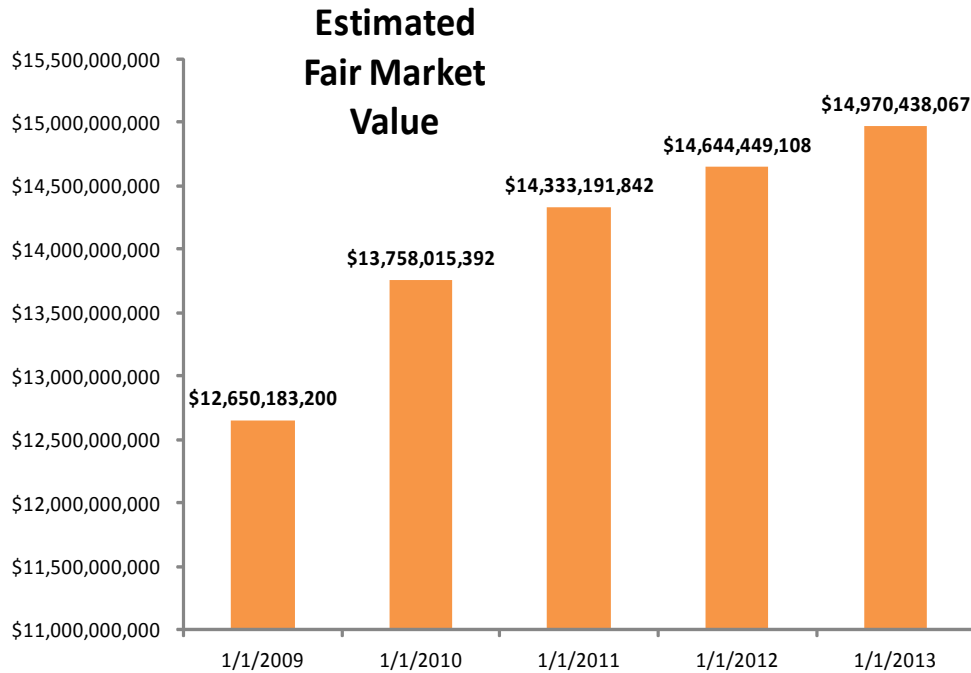
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages						
			Career					
			Gen.	Bldg.	Skg.	Tech	Common	Total
County General	10.28							
County Health	2.57	Moore	36.07	5.15	28.17	15.38	4.11	88.88
Multi-County Library	6.11	Robin Hill	36.48	5.21	25.35	-	4.11	71.15
		Norman	35.88	5.12	25.41	15.38	4.11	85.90
Cities and Towns		Noble	35.85	5.12	24.22	-	4.11	69.30
Norman	14.50	Lexington	36.55	5.22	38.66	-	4.11	84.54
Moore	10.44	Little Axe	35.69	5.10	24.50	-	4.11	69.40
Noble	3.35	McCloud	35.64	5.09	10.59	15.22	4.11	70.65
		Mid-Del	36.04	5.14	25.25	17.04	4.11	87.58
Other		Mustang	36.08	5.15	23.75	15.46	4.11	84.55
Noble Ambulance	4.61							
Little Axe Fire	7.16							
Cedar County Fire	7.00							

**CLEVELAND COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

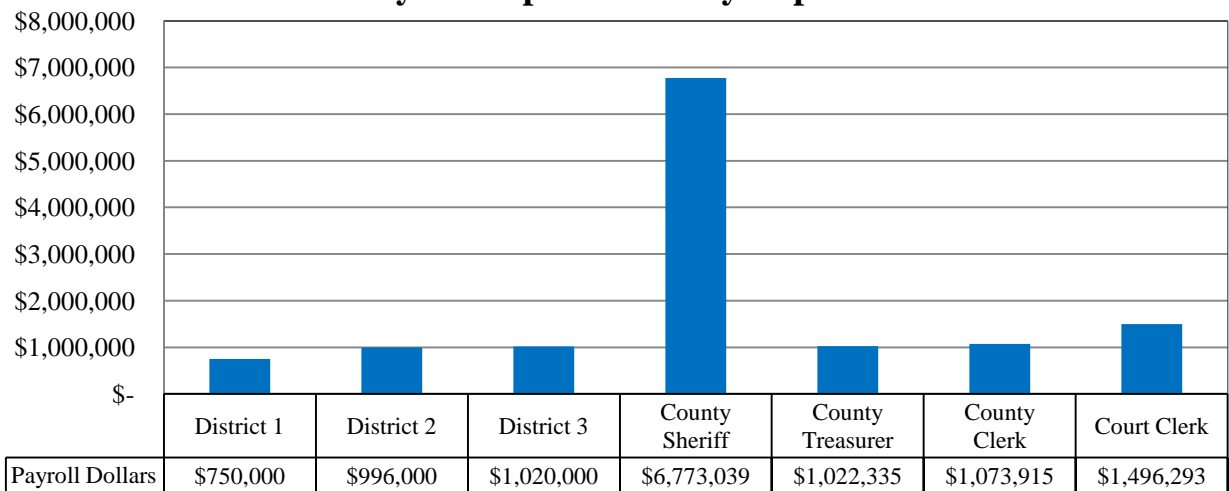
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2013	\$128,998,130	\$63,621,834	\$1,667,381,550	\$63,548,946	\$1,796,452,568	\$14,970,438,067
1/1/2012	\$121,845,894	\$72,222,826	\$1,625,622,187	\$62,357,014	\$1,757,333,893	\$14,644,449,108
1/1/2011	\$116,851,652	\$73,388,287	\$1,590,162,532	\$60,419,165	\$1,719,983,306	\$14,333,191,842
1/1/2010	\$119,355,091	\$69,287,553	\$1,462,319,203	\$58,416,894	\$1,592,544,953	\$13,758,015,392
1/1/2009	\$108,745,159	\$65,047,729	\$1,400,023,379	\$55,794,283	\$1,518,021,984	\$12,650,183,200



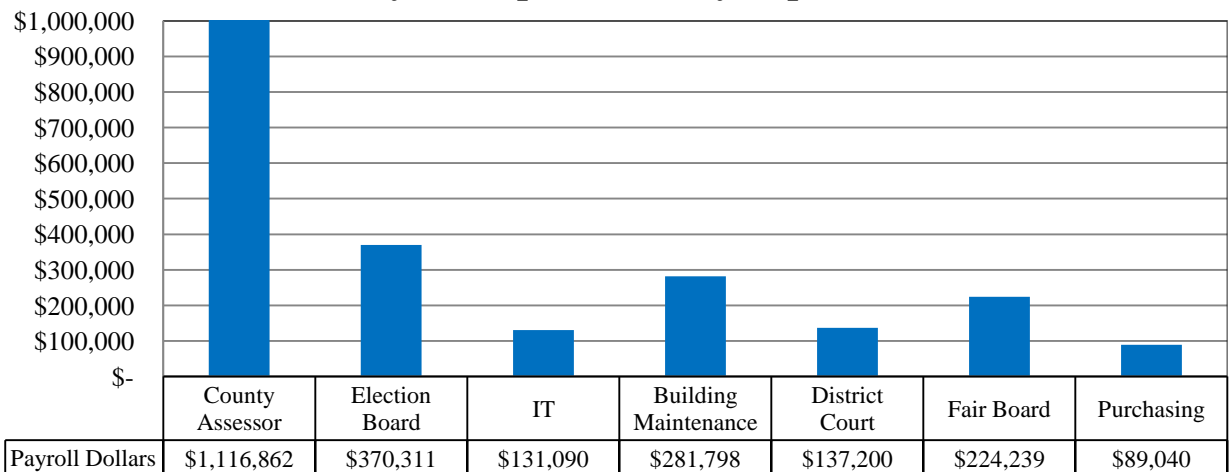
**CLEVELAND COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2014.

Payroll Expenditures by Department



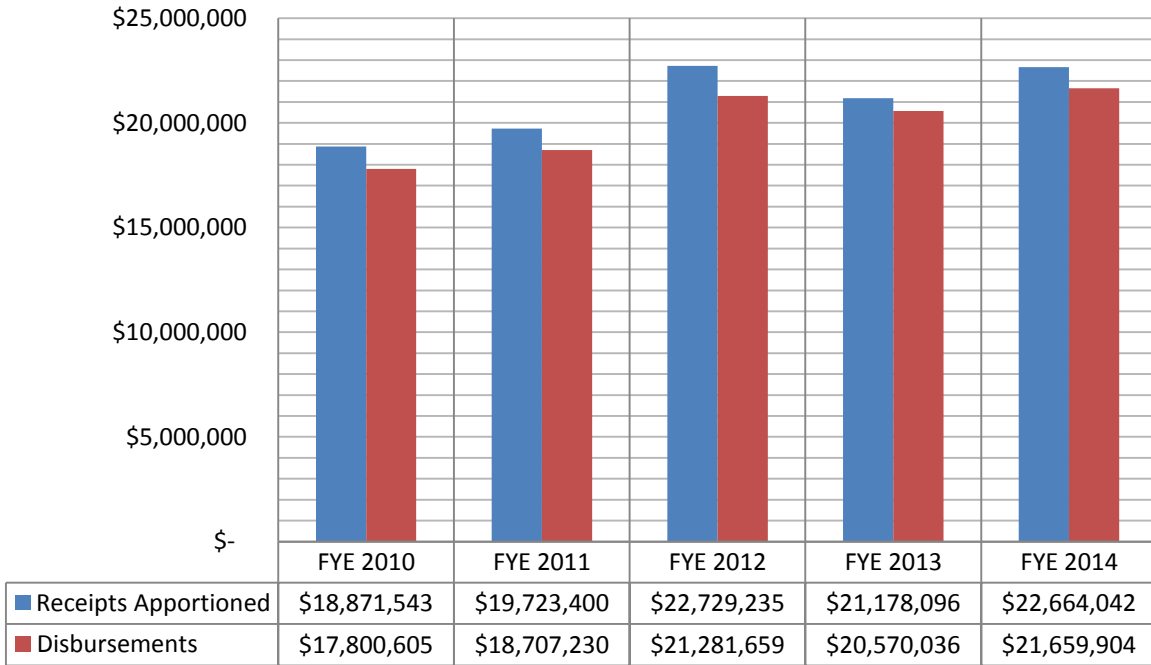
Payroll Expenditures by Department



**CLEVELAND COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County General Fund

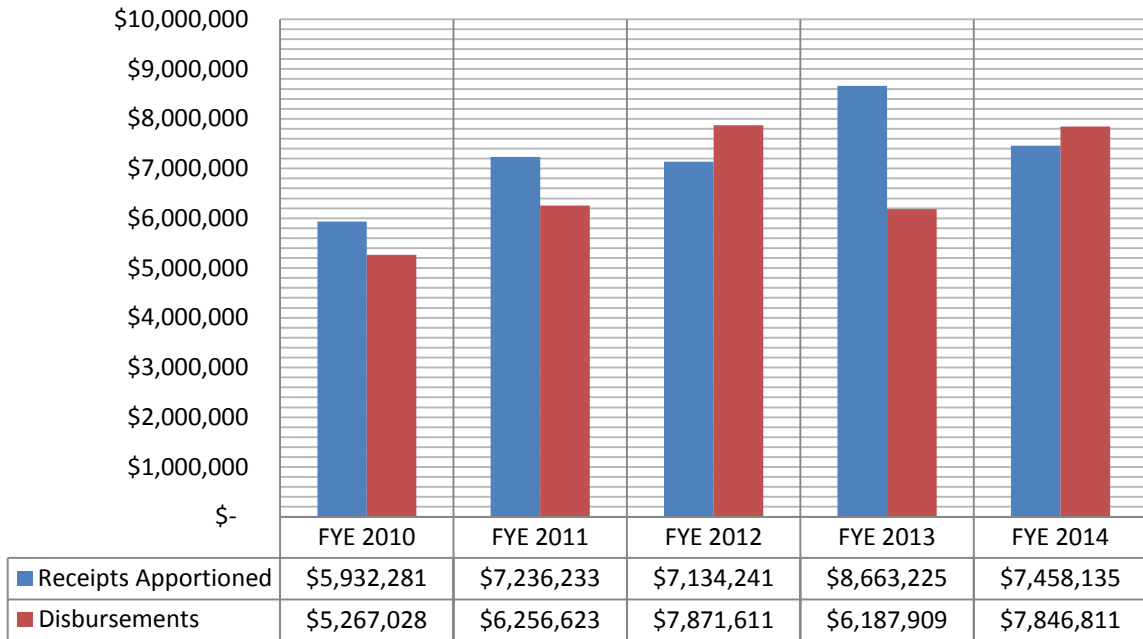
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county’s primary source of operating revenue. The County General Fund is typically used for county employees’ salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county’s ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County’s General Fund for the last five fiscal years.



**CLEVELAND COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405-521.3495 • Fax: 405-521.3426

Independent Auditor's Report

TO THE OFFICERS OF
CLEVELAND COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Cleveland County, Oklahoma, as of and for the year ended June 30, 2014, listed in the table of contents as the financial statement.

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 the 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 of the financial statement, the financial statement is prepared by Cleveland 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 statements 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 Cleveland County as of June 30, 2014, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Cleveland County, for the year ended June 30, 2014, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related 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 Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of Cleveland 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Cleveland County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

November 30, 2015

REGULATORY BASIS FINANCIAL STATEMENT

**CLEVELAND COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2014
Combining Information:				
Major Funds:				
County General Fund	\$ 13,895,533	\$ 22,664,042	\$ 21,659,904	\$ 14,899,671
County Highway Fund	8,214,987	7,458,135	7,846,811	7,826,311
County Health	7,849,282	5,035,100	5,468,337	7,416,045
Resale Property	4,666,075	1,277,670	1,740,180	4,203,565
Sheriff Service Fee	987,868	844,070	769,798	1,062,140
Sheriff Revolving	1,359,732	1,619,280	1,850,284	1,128,728
County Treasurer Certification Fee	411,656	57,580	30,854	438,382
County Clerk Lien Fee	312,741	52,145	139,829	225,057
County Clerk Preservation	1,192,100	311,996	594,343	909,753
Bridge Capital Improvement Fund	209,125	366	-	209,491
County Sheriff Courthouse Security Service Fee	12,376	43,698	47,304	8,770
Sales Tax	641,132	8,351,577	8,290,675	702,034
Cleveland County Justice Center	710,659	1,965,261	2,528,518	147,402
Remaining Aggregate Funds	2,918,388	2,107,519	780,846	4,245,061
Combined Total - All County Funds	\$ 43,381,654	\$ 51,788,439	\$ 51,747,683	\$ 43,422,410

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

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Fund Accounting

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

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

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

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

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

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

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

Sheriff Revolving – accounts for collections received for reimbursement of salaries and housing prisoners.

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

County Clerk Preservation – accounts for fees collected for instruments filed in the County Clerk’s office as restricted by state statute for preservation of records.

Bridge Capital Improvement Fund – accounts for state monies received for the construction and/or improvements of bridges within the County.

County Sheriff Courthouse Security Service Fee – accounts for fees received from the Court Clerk and disbursed for courthouse security.

Sales Tax – accounts for the collections of county sales tax to be disbursed as outlined by the sales tax agreement.

Cleveland County Justice Center – accounts for monies received and disbursed for the operation of the Justice Center.

C. Basis of Accounting

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

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

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

E. Cash and Investments

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

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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. Unpaid real property taxes become a lien upon said property on October 1 of each year.

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

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

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

D. Sales Tax

On December 9, 2008 the voters of Cleveland County approved a sales tax for a one-fourth of one cent (1/4%) sales tax on gross receipts or proceeds on certain sales, to terminate at twenty (20) years from the effective date of the tax or at the date of retirement of any debt incurred related thereto, whichever occurs earlier. Such tax is to be used for design, construction, financing, furnishings, capital facilities and improvements, equipment, fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new Cleveland County Detention Facility to be located in Cleveland County; authorizes the pledging of the sales tax for debt service; determining a effective date; making provisions severable; and declaring an emergency. These funds are accounted for in the Sales Tax fund.

OTHER SUPPLEMENTARY INFORMATION

**CLEVELAND COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 13,895,533	\$ 13,895,533	\$ -
Less: Prior Year Outstanding Warrants	(139,073)	(139,073)	-
Less: Prior Year Encumbrances	(1,636,182)	(1,636,182)	-
Beginning Cash Balances, Budgetary Basis	<u>12,120,278</u>	<u>12,120,278</u>	<u>-</u>
Receipts:			
Ad Valorem Taxes	18,079,594	18,079,594	-
Charges for Services	869,663	879,773	10,110
Intergovernmental Revenues	1,866,983	2,386,505	519,522
Miscellaneous Revenues	1,736,593	1,318,170	(418,423)
Contributions from Other Funds	218,031	-	(218,031)
Total Receipts, Budgetary Basis	<u>22,770,864</u>	<u>22,664,042</u>	<u>(106,822)</u>
Expenditures:			
District Attorney	32,328	32,328	-
County Sheriff	3,559,458	3,559,398	60
County Treasurer	1,398,423	874,425	523,998
County Commissioners	620,305	591,556	28,749
County Commissioners OSU Extension	409,630	408,918	712
County Clerk	1,295,181	1,265,728	29,453
Court Clerk	1,533,507	1,474,110	59,397
County Assessor	986,829	983,620	3,209
Revaluation of Real Property	998,102	941,155	56,947
District Court	195,663	195,529	134
General Government	3,663,098	3,227,609	435,489
Excise - Equalization Board	4,100	3,711	389
County Election Board	599,228	577,808	21,420
County Purchasing Agent	134,540	127,416	7,124
Cleveland County Justice Center	3,244,623	3,243,540	1,083
Capital Improvements	9,901,449	38,317	9,863,132
Building Security	705,842	705,842	-
IT Department	310,738	302,519	8,219
Highway Budget Account	1,962,693	1,951,868	10,825
County Audit Budget	200,000	1,010	198,990
Free Fair Budget Account	419,444	406,934	12,510
Building Maintenance Account	574,229	558,384	15,845
Other Use	2,141,732	-	2,141,732
Total Expenditures, Budgetary Basis	<u>34,891,142</u>	<u>21,471,725</u>	<u>13,419,417</u>

Continued on next page

**CLEVELAND COUNTY, OKLAHOMA
 COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
 CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
 GENERAL FUND - CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	13,312,595	\$ 13,312,595
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cash Fund Balance from Prior Years		107,803	
Add: Current Year Outstanding Warrants		301,124	
Add: Current Year Encumbrances		1,178,149	
Ending Cash Balance		\$ 14,899,671	

**CLEVELAND COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 7,849,282	\$ 7,849,282	\$ -
Less: Prior Year Outstanding Warrants	(249,034)	(249,034)	-
Less: Prior Year Encumbrances	(1,152,283)	(1,152,283)	-
Beginning Cash Balances, Budgetary Basis	6,447,965	6,447,965	-
Receipts:			
Ad Valorem Taxes	4,519,898	4,604,663	84,765
Charges for Services	-	149,798	149,798
Intergovernmental Revenues	-	275,138	275,138
Miscellaneous Revenues	63,420	5,501	(57,919)
Contributions from Other Funds	54,508	-	(54,508)
Total Receipts, Budgetary Basis	4,637,826	5,035,100	397,274
Expenditures:			
County Health Budget Account	10,622,009	4,580,233	6,041,776
Other Uses	463,782	-	463,782
Total Expenditures, Budgetary Basis	11,085,791	4,580,233	6,505,558
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	6,902,832	\$ 6,902,832
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cash Balance from Prior Years		88,069	
Add: Current Year Encumbrances		112,821	
Add: Current Year Outstanding Warrants		312,323	
Ending Cash Balance		\$ 7,416,045	

**CLEVELAND COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:				
Highway Community Service	\$ 5,170	\$ -	\$ -	\$ 5,170
Sheriff Drug Fund	8,620	-	-	8,620
Sheriff Environmental Award	7,123	69	-	7,192
Sheriff Jail Fund	86,445	96,739	7,267	175,917
Sheriff Commissary	170,900	302,241	242,352	230,789
Sheriff Federal Share Revenue	35,209	21,764	24,841	32,132
Sheriff Donations	-	9,129	-	9,129
Sheriff Justice Assistance Grant	10	4,000	3,731	279
Sheriff Property Forfeiture	83,180	-	-	83,180
County Commissioner Building Fund	108,942	625,128	5,700	728,370
County Assessor Revolving	2,440	5,968	1,536	6,872
Child Abuse Prevention	9,153	1,272	-	10,425
Saferoom FEMA Grant	4,360	-	-	4,360
Sheriff Criminal Alien Assistance Grant	-	9,785	2,152	7,633
Local Emergency Planning Committee	25,142	1,000	3,000	23,142
County Fair Board	205,207	238,852	174,381	269,678
County Sinking	1,334	4	-	1,338
District Attorney Incarceration Costs	25,242	7,281	25,294	7,229
Hazard Mitigation Grant	2,339	-	-	2,339
Cleveland County Anna McBride Court	39,530	101,500	111,617	29,413
County Bridge and Road Improvement Fund	1,836,767	650,465	-	2,487,232
First Choice Recovery	2,138	632	1,200	1,570
S.T.O.P. Violence Against Women	8,118	31,690	34,709	5,099
County Detention Transition Account	557	-	557	-
Cleveland County Access to Recovery	462	-	-	462
Sheriff Mobile Command Center	250,000	-	142,509	107,491
Combined Total - Remaining Aggregate Funds	\$ 2,918,388	\$ 2,107,519	\$ 780,846	\$ 4,245,061

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

Highway Community Service – accounts for the collection of funding through the Oklahoma Department of Corrections for administrative expenses and supervision of offenders.

Sheriff Drug Fund – accounts for the collection of the Sheriff's percentage of drug forfeitures.

Sheriff Environmental Award – accounts for grant monies received and fines collected.

Sheriff Jail Fund – accounts for the jail bond fees received from the Court Clerk and disbursed for the operation of the jail.

Sheriff Commissary – accounts for monies received from inmates for purchases from the County's commissary and disbursements as restricted by state statute.

Sheriff Federal Share Revenue – accounts for the collection of a percentage of seized assets and disbursed for law enforcement purposes.

Sheriff Donations – accounts for donations made to the Sheriff's office.

Sheriff Justice Assistance Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff Property Forfeiture – accounts for proceeds from property forfeitures and disbursements as restricted by state statute.

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County Commissioner Building Fund – accounts for proceeds from the sale of county-owned real estate and disbursed as restricted by state statute.

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

Child Abuse Prevention – accounts for monies received from jury decisions to aid in the prevention of child abuse.

Saferoom FEMA Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff Criminal Alien Assistance Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Local Emergency Planning Committee – accounts for grant monies received and disbursed as restricted by the grant agreement.

County Fair Board – accounts for the collection of revenue generated from building rent, booth rental, and other fees.

County Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments.

District Attorney Incarceration Costs – accounts for the collection of incarceration fees assessed as court costs by the Court Clerk.

Hazard Mitigation Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Cleveland County Anna McBride Court – accounts for grant monies received and disbursed as restricted by the grant agreement.

County Bridge and Road Improvement Fund – accounts for monies collected by the state to improve county roads and bridges.

First Choice Recovery – accounts for grant monies received and disbursed as restricted by the grant agreement.

S.T.O.P. Violence Against Women – accounts for federal grant funds passed through the District Attorney's Council for the purpose of providing services to victims of domestic violence.

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County Detention Transition Account – accounts for funds from the Cleveland County Justice Authority for the transition team.

Cleveland County Access to Recovery – accounts for grant monies received and disbursed as restricted by the grant agreement.

Sheriff Mobile Command Center – accounts for donations received by Cleveland County Sheriff's office to purchase a mobile command center for disasters.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	\$ 33,108
Total U.S. Department of Interior			<u>33,108</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
Violence Against Women Formula Grants	16.588		34,709
Edward Byrne Memorial Justice Assistance Grant Program	16.738		3,731
Total U.S. Department of Justice			<u>38,440</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4117	638,145
Total U.S. Department of Homeland Security			<u>638,145</u>
Total Expenditures of Federal Awards			<u>\$ 709,693</u>

**CLEVELAND COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Cleveland County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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
CLEVELAND COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Cleveland County, Oklahoma, as of and for the year ended June 30, 2014, which comprises Cleveland County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 30, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2014, 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 Cleveland County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cleveland County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleveland County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters regarding statutory compliance that we reported to the management of Cleveland County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

Cleveland County's Responses to Findings

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

Purpose of this Report

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

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



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

November 30, 2015



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

TO THE OFFICERS OF
CLEVELAND COUNTY, OKLAHOMA

Report on Compliance for Each Major Program

We have audited the compliance of Cleveland County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Cleveland County's major federal program for the year ended June 30, 2014. Cleveland County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Cleveland County's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Cleveland County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cleveland County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cleveland County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Cleveland County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Internal Control Over Compliance

Management of Cleveland County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to

federal programs. In planning and performing our audit, we considered Cleveland County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cleveland County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Other Matters

Cleveland County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Cleveland County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

November 30, 2015

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on
compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133?..... No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?..... No

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

No matters were reported.

SECTION 3—Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

No matters were reported.

SECTION 4—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 this matter and take appropriate corrective action.

Finding 2014-2 - Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account (Repeat Finding)

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, the following exceptions were noted:

- Bank reconciliations are not performed in a timely manner.

Further, an examination of the Inmate Trust Fund Checking Account reflected the following:

- Two (2) checks were not issued in compliance with state statutes.
- Four (4) checks contained no signatures.

Cause of Condition: Policies and procedures have not been designed regarding the Inmate Trust Fund Checking Account.

Effect of Condition: This condition could result in noncompliance with state statutes, laws, or regulations. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends that the Sheriff maintain Inmate Trust Fund Checking Account monies in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

inmates' trust fund balances should be reconciled to the bank statements each month in a timely manner, and no operating expenditures should be made from this fund.

Management Response:

County Sheriff: Detention Command personnel have ordered a divisional directive causing a reconciliation of the Inmate Trust Fund Checking Account to be performed on the 20th day of each calendar month, for the previous calendar month by a detention clerk. This directive instructs the Inmate Trust Fund Checking Account reconciliation to be reviewed by the Administrative Lieutenant of Detention and the Major of Detention.

The Administrative Lieutenant of Detention will personally review any/all checks being created/written by Detention Clerks and ensure that all checks bear proper signatures.

That Administrative Lieutenant of Detention is adding additional training for Detention Clerks to ensure they are aware of what types of checks should/should not be written from the Inmate Trust Fund Checking Account.

The Administrative Lieutenant of Detention fixed the problem which allowed three sequential checks to be written that were not in compliance with state statutes.

Criteria: Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis. Any disbursements made from the inmate trust fund should follow state statutes.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV