



CLEVELAND COUNTY

Financial Audit

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

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

November 23, 2020

TO THE CITIZENS OF
CLEVELAND COUNTY, OKLAHOMA

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



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

Board of County Commissioners

District 1 – Rod Cleveland
District 2 – Darry Stacy
District 3 – Harold Haralson

County Assessor

Doug Warr

County Clerk

Tammy Belinson

County Sheriff

Todd Gibson

County Treasurer

Jim Reynolds

Court Clerk

Marilyn Williams

District Attorney

Greg Mashburn

**CLEVELAND COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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FINANCIAL SECTION

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, 2019, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



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

As described in Note 1, the financial statement is prepared by 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 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 Cleveland County as of June 30, 2019, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Cleveland County, for the year ended June 30, 2019, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining 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 schedule of expenditures of federal awards and the remaining 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 November 10, 2020, 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 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 Cleveland County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 10, 2020

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
County General Fund	\$ 22,279,648	\$ 27,086,838	\$ 56,772		\$ 26,036,214	\$ 23,387,044
County Highway Fund	7,879,551	5,835,287	1,133,297	-	7,182,731	7,665,404
County Health	7,718,114	5,929,713	-	-	4,958,252	8,689,575
County Assessor Revolving	16,264	4,794	-	-	-	21,058
Bridge Capital Improvement Fund	211,787	1,307	-	213,094	-	-
Community Development Block Grant Disaster Recovery	2,202,124	2,317,104	-	-	4,519,228	-
Child Abuse Prevention	999	1,238	-	2,237	-	-
Cleveland County Access to Recovery	462	-	-	462	-	-
Cleveland County Anna McBride Court	25,487	101,500	-	-	91,649	35,338
County Bridge and Road Improvement Fund	3,873,010	947,395	213,094	483,297	405,586	4,144,616
County Commissioners Building Fund	698,178	4,145	-	-	-	702,323
County Clerk Lien Fee	332,651	38,356	-	-	141,690	229,317
County Clerk Preservation	609,647	289,199	-	-	536,324	362,522
District Attorney Incarceration Costs	7,965	6,033	-	-	5,840	8,158
Early Settlement Fund	18,484	94,673	-	18,629	94,528	-
Emergency Management/Risk Assessment Donations	2,000	-	-	2,000	-	-
Fairgrounds	730,202	322,265	-	-	160,254	892,213
First Choice Recovery	3,545	2,050	-	4,205	1,390	-
Hazard Mitigation Grant	2,339	-	-	2,339	-	-
Highway Community Service	517	-	-	517	-	-
Local Emergency Planning Committee	9,498	1,000	7,128	-	-	17,626
Resale Property	2,625,211	1,451,609	-	1,500	1,151,278	2,924,042
S.T.O.P. Violence Against Women	7,659	28,080	-	2,553	33,186	-
Safe Room FEMA Grant	2,789	-	-	2,789	-	-
Sales Tax	767,921	9,639,886	-	-	9,567,830	839,977
Cleveland County Justice Center	325,495	2,178,256	-	21,674	2,482,077	-
Sheriff Commissary	210,126	394,590	-	-	255,770	348,946
County Sheriff Courthouse Security Service Fee	34,419	139,244	-	157,799	15,864	-
Sheriff Criminal Alien Assistance Grant	10,980	7,637	-	18,617	-	-
Sheriff Donations	1,458	-	45,080	44,794	1,744	-
Sheriff Environmental Reward	8,665	611	-	9,276	-	-
Sheriff Federal Share Revenue	31,799	134	-	6,284	25,649	-
Sheriff Jail Fund	47,805	35,404	21,674	-	17,757	87,126
Sheriff Justice Assistance Grant	682	3,056	18,617	-	-	22,355
Sheriff Mobile Command Center	45,080	-	-	45,080	-	-
Sheriff Property Forfeiture	37,816	825	-	38,641	-	-
Sheriff Reserve Deputies Donations	11,442	-	-	11,442	-	-
Sheriff Revolving	259,044	753,751	-	782,780	230,015	-
Sheriff Service Fee	766,933	803,877	1,060,756	-	341,608	2,289,958
Sheriff Drug Fund	9,740	-	-	9,740	-	-
County Sinking	1,354	8	-	-	-	1,362
County Treasurer Certification Fee	561,079	48,705	-	-	16,452	593,332
Wellness Committee Donations	400	-	-	-	-	400
Combined Total - All County Funds	\$ 52,390,369	\$ 58,468,570	\$ 2,556,418	\$ 1,879,749	\$ 58,272,916	\$ 53,262,692

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, 2019**

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

B. Fund Accounting

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

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

County General 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.

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

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

Community Development Block Grant Disaster Recovery – accounts for federal grant monies

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

received and disbursed as restricted by the grant agreement with the Oklahoma Department of Commerce.

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

Cleveland County Access to Recovery – 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.

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

District Attorney Incarceration Costs – accounts for the collection of incarceration fees assessed as court costs and collected by the Court Clerk. Disbursements are for the lawful operation of the office.

Early Settlement Fund – accounts for the receipt of salary reimbursements from the State of Oklahoma Supreme Court.

Emergency Management/Risk Assessment Donations – accounts for the receipt of donations and disbursed for Emergency Management and Risk Assessment.

Fairgrounds – accounts for the receipt of revenue generated from building rent, booth rental, and other fees. Disbursements are for the operation of the fairgrounds.

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

Sheriff Environmental Reward – accounts for grant monies received and fines collected. Disbursements are restricted by grant agreement.

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

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

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

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

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

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

Sheriff Reserve Deputies Donations – accounts for the receipt of donations and disbursed for Sheriff Reserve Deputy equipment.

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

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

Sheriff Drug Fund – accounts for the collection of the Sheriff's percentage of drug forfeitures and disbursements as restricted by state statute.

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

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

Wellness Committee Donations – accounts for donations made to the Wellness Center and disbursements are for equipment for the Wellness 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 with all other funds included in the audit presented in the aggregate

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

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 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, 2019**

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and 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

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

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.

D. Sales Tax

On December 9, 2008 the voters of Cleveland County approved 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 an effective date; making provisions severable; and declaring an emergency. These funds are accounted for the Sales Tax fund.

E. Tax Abatements

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

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

The County had \$23,395 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2019.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

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

F. Interfund Transfers

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

- \$483,297 was transferred from County Bridge and Road Improvement Fund to County Highway Fund to fund a county road project.
- \$1,500 was transferred from Resale Property fund to Cash in Office Treasurer Fund (a trust and agency fund) to create a change fund.
- \$650,000 was transferred from ETR Loan (a trust and agency fund) to County Highway Fund for expenses incurred for a road project.

The following transfers were made by Budget Board resolutions to close the funds per their new chart of accounts:

- \$56,772 was transferred to the General Fund from the following funds:
 - Highway Community Service Fund - \$517
 - FSA-Medical Fund (a trust and agency fund) - \$34,941
 - FSA-Dependent Care Fund (a trust and agency fund) - \$2,208
 - Early Settlement Fund - \$18,629
 - Cleveland County Access to Recovery fund - \$462
 - Workman's Comp Fund (a trust and agency fund) - \$15
- \$1,060,756 was transferred to the Sheriff Service Fee fund from the following funds:
 - Sheriff Reserve Deputies Donations fund - \$11,442
 - County Sheriff Courthouse Security Service Fee fund - \$157,799
 - Sheriff Property Forfeiture fund - \$38,641
 - Sheriff Revolving fund - \$782,780
 - Sheriff Donations fund - \$44,794
 - Sheriff Federal Share Revenue fund - \$6,284
 - Sheriff Environmental Reward fund - \$9,276
 - Sheriff Drug Fund - \$9,740
- \$7,128 was transferred to the Local Emergency Planning Fund from the following funds:
 - Hazard Mitigation Grant fund - \$2,339
 - Emergency Management/Risk Assessment Donations fund - \$2,000
 - Safe Room FEMA Grant fund - \$2,789
- \$4,790 was transferred to the Court Revolving Fee Fund (a trust and agency fund) from the following funds:
 - S.T.O.P. Violence Against Women fund - \$2,553
 - Child Abuse Prevention fund - \$2,237
- \$18,617 was transferred to Sheriff Justice Assistance Grant fund from Sheriff Criminal Alien Assistance Grant fund.
- \$213,094 was transferred to County Bridge and Road Improvement Fund from Bridge Capital Improvement Fund.
- \$4,205 was transferred to Drug Court Revolving Fund (a trust and agency fund) from First Choice Recovery fund.
- \$21,674 was transferred to Sheriff Jail Fund from Cleveland County Justice Center fund.

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

- \$45,080 was transferred to Sheriff Donations fund from Sheriff Mobile Command Center fund.

SUPPLEMENTARY INFORMATION

CLEVELAND COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 32,327	\$ 28,380	\$ 3,947
County Sheriff	10,552,804	10,480,305	72,499
County Treasurer	1,468,127	1,258,803	209,324
County Commissioners	953,057	850,036	103,021
O.S.U Extension	428,183	329,889	98,294
County Clerk	1,541,363	1,433,070	108,293
Court Clerk	1,623,154	1,479,422	143,732
County Assessor	1,061,376	1,046,342	15,034
Revaluation of Real Property	1,139,959	1,126,205	13,754
District Court	174,277	155,519	18,758
General Government	3,659,185	3,046,647	612,538
Excise - Equalization Board	6,000	5,992	8
County Election Expense	745,961	744,807	1,154
Insurance - Benefits	376,576	111,520	265,056
Purchasing Agent	157,809	151,191	6,618
Emergency Management	205,639	166,923	38,716
Capital Improvements	17,644,906	813,073	16,831,833
Human Resources	194,514	181,966	12,548
IT Department	551,391	517,935	33,456
Highway Budget Account	1,729,828	1,720,083	9,745
County Audit Budget Account	200,000	200,000	-
Free Fair Budget Account	81,500	78,287	3,213
Fairgrounds Budget Account	399,249	346,721	52,528
Building Maintenance	824,188	643,489	180,699
Other Use	2,661,142	-	2,661,142
Total Expenditures, Budgetary Basis	<u>\$ 48,412,515</u>	<u>\$ 26,916,605</u>	<u>\$ 21,495,910</u>

CLEVELAND COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 11,886,986	\$ 4,700,190	\$ 7,186,796
Other Uses	576,818	-	576,818
Total Expenditures, Budgetary Basis	<u>\$ 12,463,804</u>	<u>\$ 4,700,190</u>	<u>\$ 7,763,614</u>

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

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances (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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Oklahoma Department of Commerce:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	16911 CDBG-DR 13	\$ 4,519,228
Total U.S. Department of Housing and Urban Development			<u>4,519,228</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	35,551
Total U.S. Department of Interior			<u>35,551</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
Violence Against Women Formula Grants	16.588	N/A	33,186
Total U.S. Department of Justice			<u>33,186</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,587,965</u></u>

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 the Uniform Guidance.

Indirect Cost Rate

Cleveland County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

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
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 Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Cleveland County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Cleveland County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 10, 2020.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2019, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered 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 opinion 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*.

Cleveland County's Response to Findings

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

Purpose of this Report

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 10, 2020

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by
the Uniform Guidance**

TO THE OFFICERS OF
CLEVELAND COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Cleveland County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Cleveland County's major federal program for the year ended June 30, 2019. 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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Cleveland County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cleveland County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.



Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-012. Our opinion on the major federal program is not modified with respect to these matters.

Cleveland County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Cleveland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Cleveland County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cleveland County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-012, that we consider to be a significant deficiency.

Cleveland County's Response to Findings

Cleveland County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Cleveland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. 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.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 10, 2020

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:..... Adverse as to GAAP; unmodified 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? Yes

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? Yes

Identification of Major Programs

CFDA Number(s)

14.269

Name of Federal Program or Cluster

Hurricane Sandy Community
Development Block Grant Disaster
Recovery Grants (CDBG-DR)

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

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

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2019-012 - Lack of Internal Controls and Noncompliance Over Reporting - Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) (Repeat Finding 2018-015, 2017-017 and 2016-007)

PASS-THROUGH GRANTOR: Oklahoma Department of Commerce

FEDERAL AGENCY: Department of Housing and Urban Development

CFDA NO: 14.269

FEDERAL PROGRAM NAME: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)

FEDERAL AWARD NUMBER: B-13-DS-40-0001

FEDERAL AWARD YEAR: 2019

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

Condition: Of the nineteen (19) expenditures tested, totaling \$4,519,228, there were eleven (11) expenditures totaling \$3,340,506 that were not reported by the 10th of the month following the receipt and/or expenditure of the funds.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County is in compliance with federal grant requirements and contract agreements.

Effect of Condition: This condition resulted in noncompliance with federal grant requirement and contract agreements.

Recommendation: OSAI recommends the County gain an understanding of requirements for these programs and implement internal controls to ensure compliance with these requirements.

Management Response:

Chairman, Board of County Commissioners:

Cleveland County identified the reporting issue and reported it to the Oklahoma Department of Commerce (ODOC). Cleveland County worked with our grant administrator and ODOC continuously throughout the grant process to resolve the reporting of expenses by the 10th of the following month. Cleveland County's accounting procedures and state required appropriations policy directly affected the reporting requirement.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Specifically, the requirement to provide proof of payment/s be attached to the report to be accepted (typically a copy of the check/s). Cleveland County and ODOC eventually agreed that Cleveland County could use a purchase order report as proof of payment. This issue was corrected and will not be an issue on any future CDBG-DR grants.

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.

The GAO Standards – Section 2 - Establishing an Effective Internal Control System – OV2.23 states in part:

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. Some entities may set objectives to a higher level of performance than established by laws and regulations. In setting those objectives, management is able to exercise discretion relative to the performance of the entity.

Further, the Electronic Code of Federal Regulations - 2 CFR 200.303 states that:

Internal Controls

“The Non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.”

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The County's contracts with the Oklahoma Department of Commerce state that:

“The Contractor is required to submit a Monthly Expenditure Report by the tenth (10th) of the month following the receipt and/or expenditure of funds.”

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 these matters and take appropriate corrective action.

No matters were reported.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



CLEVELAND COUNTY

**Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2019**

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-012	14.269 - Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	Cleveland County Identified the reporting issue and reported it to the Oklahoma Department of Commerce "ODOC". Cleveland County worked with our IBTS grant administrator and ODOC continuously throughout the grant process to resolve the reporting of expenses by the 10 th of the following month. Cleveland County's accounting procedures and state required appropriation policy directly affected the reporting requirement. Specifically, the requirement to provide proof of payment/s be attached to the report to be accepted (typically a copy of the check/s). Cleveland County and ODOC eventually agreed that Cleveland County could use a purchase order report as proof of payment.	December 30, 2020	Darry Stacy – BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



CLEVELAND COUNTY

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2019

FINANCIAL AUDIT FINDINGS

None Reported

FEDERAL AUDIT FINDINGS

Finding 2016-007, 2017-017 and 2018-015

Inadequate Internal Controls and Noncompliance Over Reporting - Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)

Pass-Through Grantor: Oklahoma Department of Commerce

Federal Agency: Department of Housing and Urban Development

CFDA No: 14.269

Federal Program Name: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)

Federal Grant Award Number: B-13-DS-40-0001

Federal Award Year: 2018

Control Category: Reporting

Questioned Costs: \$-0-

Finding Summary: Out of the twenty-three (23) expenditures totaling \$2,498,962.55 tested there were three (3) expenditures totaling \$385,669.61 that were not submitted to ODOC by the 10th of the month following receipt and/or expenditure of funds.

Status: Not Corrected. Cleveland County Identified the reporting issue and reported it to the Oklahoma Department of Commerce "ODOC". Cleveland County worked with our IBTS grant administrator and ODOC continuously throughout the grant process to resolve the reporting of expenses by the 10th of the following month. Cleveland County's accounting procedures and state required appropriation policy directly affected the reporting requirement. Specifically, the requirement to provide proof of payment/s be attached to the report to be accepted (typically a copy of the check/s). Cleveland County and ODOC eventually agreed that Cleveland County could use a purchase order report as proof of payment.



Cindy Byrd, CPA | State Auditor & Inspector

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