

**CLEVELAND COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$84.70. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

December 28, 2005

TO THE CITIZENS OF  
CLEVELAND COUNTY, OKLAHOMA

Transmitted herewith is the audit of Cleveland County, Oklahoma, for the fiscal year ended June 30, 2005. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahán".

JEFF A. McMAHAN  
State Auditor and Inspector

CLEVELAND COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

---

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Cleveland County .....	iii
County Officials and Responsibilities .....	iv
Ad Valorem Tax Distribution.....	ix
Computation of Legal Debt Margin .....	x
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	xi
Assessed Value of Property .....	xii

FINANCIAL SECTION

Report of State Auditor and Inspector .....	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information).....	3
Notes to the Financial Statement .....	4

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund .....	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	15
Detailed Schedule of Receipts, Disbursements, and Changes in Cash Balances—Sinking Fund .....	16
Notes to Other Supplementary Information.....	17

**CLEVELAND COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

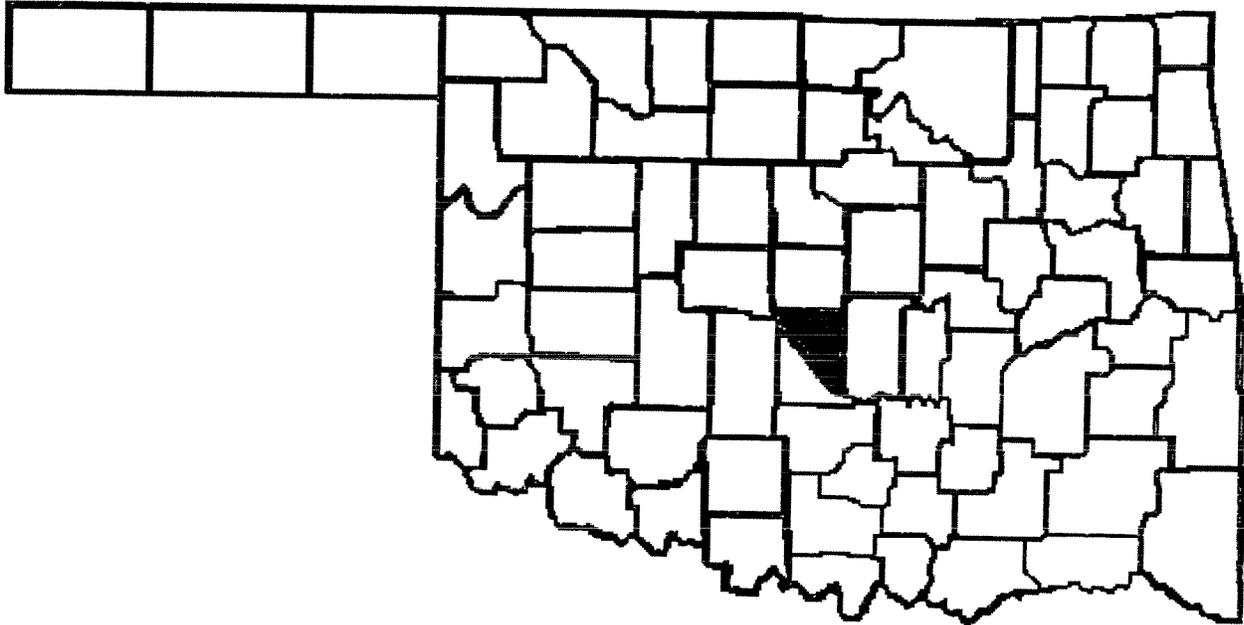
INTERNAL CONTROL AND COMPLIANCE SECTION

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* ..... 18

Schedule of Findings .....20

REPORT TO THE CITIZENS  
OF  
CLEVELAND COUNTY, OKLAHOMA

---



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 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 nine 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 – 222,074  
(2004 est.)

Farms – 1,294

Land in Farms – 165,483 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**CLEVELAND COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**COUNTY ASSESSOR**  
Denise Heavner  
(D) Norman

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

**COUNTY CLERK**  
Dorinda Harvey  
(R) Norman

The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

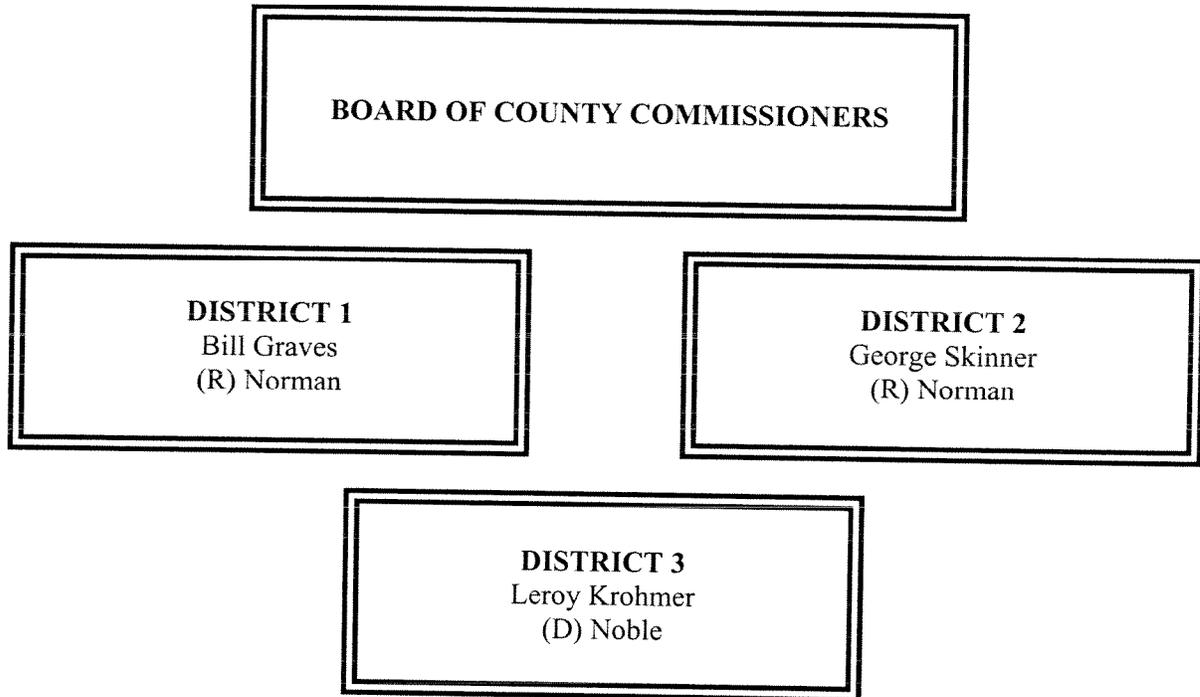
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**CLEVELAND COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**CLEVELAND COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**COUNTY SHERIFF**  
DeWayne Beggs  
(R) Norman

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

**COUNTY TREASURER**  
Saundra DeSelms  
(D) Norman

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**CLEVELAND COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**COURT CLERK**

Rhonda Hall  
(D) Moore

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

**DISTRICT ATTORNEY**

Tim Kuykendall  
(R) Norman

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**CLEVELAND COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**ELECTION BOARD SECRETARY**

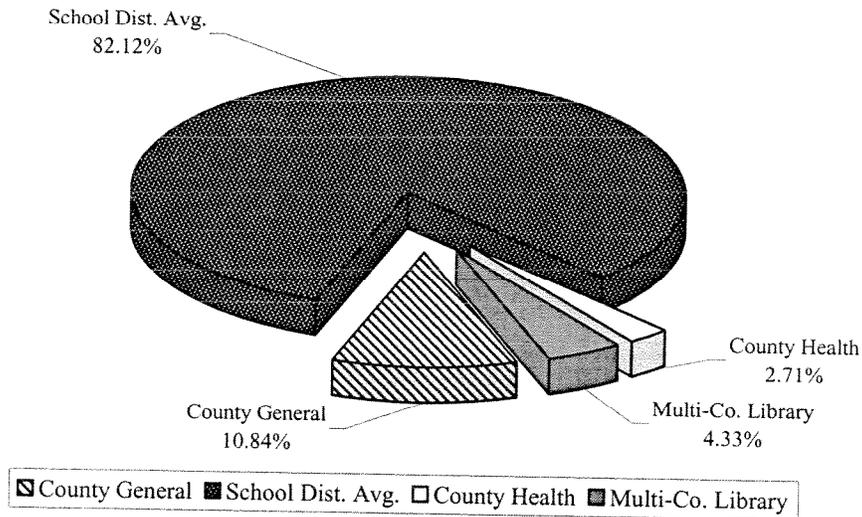
Paula Roberts  
(D) Norman

The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

**CLEVELAND COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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	
Co. General	10.28							
County Health	2.57							
Multi-County Library	4.11							
Cities and Towns:								
Norman	1.01	35.64	5.09	12.40	15.22	4.11	72.46	McLoud
Moore	12.88	36.07	5.15	16.50	14.38	4.11	76.21	Moore
Noble	4.6	36.48	5.21	18.86		4.11	64.66	Robin Hill
Oklahoma City	14.73	35.88	5.12	24.55	14.38	4.11	84.04	Norman
		35.85	5.12	22.50	11.25	4.11	78.83	Noble
		36.04	5.14	19.81	16.44	4.11	81.54	Mid-Del
		36.55	5.22	23.99	11.25	4.11	81.12	Lexington
		36.08	5.15	22.90	15.46	4.11	83.70	Mustang
		35.69	5.10	22.17	11.25	4.11	78.32	Little Axe
Other:								
Noble Ambulance	3.08							
Little Axe Fire	7.16							
Cedar Country Fire	7.00							

See independent auditor's report.

**CLEVELAND COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)**

---

---

Total net assessed value as of January 1, 2004		<u>\$ 1,043,971,613</u>
Debt limit - 5% of total assessed value		52,198,581
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>720</u>	<u>-</u>
Legal debt margin		<u>\$ 52,198,581</u>

See independent auditor's report.

**CLEVELAND COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
 (UNAUDITED)**

---

	2005
Estimated population	222,074
Net assessed value as of January 1, 2004	\$ 1,043,971,613
Gross bonded debt	-
Less available sinking fund cash balance	720
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**CLEVELAND COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)**

---

---

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2004	\$77,619,428	\$58,220,984	\$949,989,452	\$41,858,251	\$1,043,971,613	\$8,818,203,762

See independent auditor's report.

**FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
CLEVELAND COUNTY, OKLAHOMA

We have audited the combined totals—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, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Cleveland County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

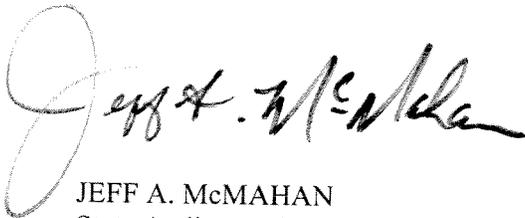
As described in Note 1, this financial statement was prepared using accounting practices prescribed by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Cleveland County as of June 30, 2005, or changes in its financial position for the year then ended.

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 of Cleveland County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2005, 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



JEFF A. McMAHAN  
State Auditor and Inspector

September 29, 2005

## **Basic Financial Statement**

**CLEVELAND COUNTY, OKLAHOMA  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
(WITH COMBINING INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Beginning Cash Balances July 1, 2004	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2005
Combining Information:				
General Fund	\$ 8,356,124	\$ 15,380,707	\$ 18,545,189	\$ 5,191,642
Highway Unrestricted	2,943,532	5,161,468	4,799,414	3,305,586
Highway Community Service	9,558			9,558
County Health	2,592,478	3,108,496	2,322,390	3,378,584
Resale Property	1,715,682	583,100	1,545,331	753,451
Sheriff Service Fee	348,584	394,643	219,166	524,061
Sheriff Revolving	198,252	284,579	258,914	223,917
Sheriff Drug Fund	14,102			14,102
Sheriff Training	278			278
Sheriff Environmental Award	145			145
Sheriff Jail Fund		13,085		13,085
Sheriff Commissary	25,912	78,365	73,962	30,315
Sheriff Federal Share Revenue	16,060	61,579	16,987	60,652
Sheriff Special DARE	8,306	800	3,169	5,937
Sheriff Donations	290	2,000		2,290
County Commissioners Building Fund	198,471	3,806		202,277
Treasurer Certification Fee	295,049	89,530	88,413	296,166
County Clerk Lien Fee	154,184	50,559	3,856	200,887
Assessor Revolving	21,278	12,567	9,494	24,351
Child Abuse Prevention	13,054	533	12,000	1,587
Saferoom FEMA Grant	8,335	22,106	26,306	4,135
County Clerk Preservation	905,521	362,554	161,841	1,106,234
Local Law Enforcement Block Grant	565	3	568	
Health GASP Grant Fund	368		240	128
Sheriff Criminal Alien Assistance Grant	329	2,912	3,141	100
Hazard Mitigation Grant		54,000	54,000	
Local Emergency Planning Committee	9,041	2,666	2,332	9,375
County Fair Board	74,095	118,492	130,296	62,291
County Sinking	223	497		720
Bridge Capital Improvement	808,268	17,695	2,460	823,503
Worker's Compensation	16			16
Court Fund Remodeling	4,430			4,430
District Attorney Incarceration Costs	4,276	5,336		9,612
District Attorney Witness Fee Reimbursement	4,453	7,728		12,181
<b>Combined Total--All County Funds</b>	<u>\$ 18,731,259</u>	<u>\$ 25,819,806</u>	<u>\$ 28,279,469</u>	<u>\$ 16,271,596</u>

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, 2005

---

1. **Summary of Significant Accounting Policies**

**A. Reporting Entity**

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Cleveland County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. 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. The other funds presented account for financial resources whose use is restricted for specified purposes.

**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 funds included as supplementary information within the financial statement:

General Fund - accounts for the general operations of the government.

Highway Unrestricted - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

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 statute.

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

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

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

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

Sheriff Training – court approved fund, accounts for unclaimed inmate money and disbursed for training purposes only.

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 Special DARE – accounts for donations received by the Sheriff's office to administer the DARE program.

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

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

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

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

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.

County Clerk Preservation – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

Local Law Enforcement Block Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Health GASP Grant Fund – 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.

Hazard Mitigation 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.

Bridge Capital Improvement – accounts for state money received for the construction and/or improvements to bridges within the County.

Worker's Compensation – accounts for premiums paid into the County's self-insurance worker's compensation plan. The County no longer pays premiums into this fund.

Court Fund Remodeling – accounts for a special encumbrance from the Court Fund for the remodeling of the courts.

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

District Attorney Witness Fee Reimbursement – accounts for monies received from the state to reimburse the County for witness expenses.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement, those funds play no part in the County's operations.

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**C. Basis of Accounting**

The basic 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 cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**D. Budget**

Under current Oklahoma Statutes, the general fund and the 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 by fund, 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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

**E. Cash**

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).

**F. Investments**

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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.

**G. Compensated Absences**

All full-time employees shall be entitled to vacation leave that is accrued on a monthly basis in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Vacation Leave</u>	<u>Accumulation Limits</u>
0-5 years	10 days (6.7 hrs per month)	30 days
6-10 years	15 days (10 hrs per month)	60 days
11-15 years	18 days (12 hrs per month)	60 days
Over 15	20 days (13.3 hrs per month)	60 days

Vacation must be earned before it is taken. Vacation leave will be accrued on a monthly basis and pro-rated, as appropriate, for less than full-time service.

All full-time employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of eight hours for the first five years, and after five years leave accumulates at the rate of ten hours for each calendar month of service to the County.

The County does not record any liability for sick leave.

**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, 2005**

---

The assessed property value as of January 1, 2004, was approximately \$1,043,971,613.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.28 mills for general fund operations, 2.57 mills for county health department, and 4.11 mills for multi-county library. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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.

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

Current year tax collections for the year ended June 30, 2005, were approximately 98 percent of the tax levy.

**3. Fuel Tax**

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.

**4. Risk Management**

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group (See ACCO-SIG).	If claims exceed the authorized deductibles, the County could have to pay its share of the pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

**5. Long-term Obligations**

**Capital Leases**

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

**6. 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

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$833,857, \$859,881, and \$824,884, respectively, equal to the required contributions for each year.

**7. 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.

**8. Contingent Liabilities**

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

**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, 2005**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 8,356,124	\$ 8,356,124	\$ 8,356,124	\$ -
Less: Prior Year Outstanding Warrants	(1,082,061)	(1,082,061)	(1,082,061)	
Less: Prior Year Encumbrances	(1,023,857)	(1,023,857)	(923,191)	100,666
Beginning Cash Balances, Budgetary Basis	<u>6,250,206</u>	<u>6,250,206</u>	<u>6,350,872</u>	<u>100,666</u>
Receipts:				
Ad Valorem Taxes	10,732,028	10,732,028	10,636,946	(95,082)
Charges for Services	1,204,772	1,204,772	1,026,224	(178,548)
Intergovernmental Revenues	1,643,876	1,643,876	1,768,492	124,616
Miscellaneous Revenues	775,769	998,390	1,949,045	950,655
Total Receipts, Budgetary Basis	<u>14,356,445</u>	<u>14,579,066</u>	<u>15,380,707</u>	<u>801,641</u>
Expenditures:				
County Sheriff	4,095,510	4,095,510	4,092,794	2,716
Capital Outlay	353,238	353,238	352,640	598
Total County Sheriff	<u>4,448,748</u>	<u>4,448,748</u>	<u>4,445,434</u>	<u>3,314</u>
County Treasurer	866,500	866,500	863,416	3,084
Capital Outlay	5,000	5,000	4,865	135
Total County Treasurer	<u>871,500</u>	<u>871,500</u>	<u>868,281</u>	<u>3,219</u>
County Commissioners	500,000	500,000	449,640	50,360
Capital Outlay	300	300	300	300
Total County Commissioners	<u>500,300</u>	<u>500,300</u>	<u>449,640</u>	<u>50,660</u>
OSU Extension	279,999	279,999	246,187	33,812
Capital Outlay	30,001	30,001	14,050	15,951
Total OSU Extension	<u>310,000</u>	<u>310,000</u>	<u>260,237</u>	<u>49,763</u>
County Clerk	1,226,612	1,226,612	1,106,204	120,408
Capital Outlay	15,000	15,000	575	14,425
Total County Clerk	<u>1,241,612</u>	<u>1,241,612</u>	<u>1,106,779</u>	<u>134,833</u>
Court Clerk	824,000	824,000	783,714	40,286
Total Court Clerk	<u>824,000</u>	<u>824,000</u>	<u>783,714</u>	<u>40,286</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**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, 2005**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	845,000	845,000	803,986	41,014
Capital Outlay	15,000	15,000	9,704	5,296
Total County Assessor	<u>860,000</u>	<u>860,000</u>	<u>813,690</u>	<u>46,310</u>
Revaluation of Real Property	795,000	795,000	774,436	20,564
Capital Outlay	20,000	20,000	15,188	4,812
Total Revaluation of Real Property	<u>815,000</u>	<u>815,000</u>	<u>789,624</u>	<u>25,376</u>
Juvenile Shelter	234,338	234,338	234,154	184
Capital Outlay	6,662	6,662	6,624	38
Total Juvenile Shelter	<u>241,000</u>	<u>241,000</u>	<u>240,778</u>	<u>222</u>
District Court	115,000	115,000	97,161	17,839
Total District Court	<u>115,000</u>	<u>115,000</u>	<u>97,161</u>	<u>17,839</u>
General Government	6,165,226	6,387,847	5,057,159	1,330,688
Capital Outlay	18,800	18,800	12,649	6,151
Total General Government	<u>6,184,026</u>	<u>6,406,647</u>	<u>5,069,808</u>	<u>1,336,839</u>
Excise - Equalization Board	7,500	7,500	3,421	4,079
Capital Outlay	500	500		500
Total Excise - Equalization Board	<u>8,000</u>	<u>8,000</u>	<u>3,421</u>	<u>4,579</u>
County Election Expense	436,594	436,594	436,305	289
Capital Outlay	14,074	14,074	14,074	
Total County Election Expense	<u>450,668</u>	<u>450,668</u>	<u>450,379</u>	<u>289</u>
County Purchasing Agent	130,500	130,500	120,353	10,147
Capital Outlay	3,500	3,500	3,456	44
Total County Purchasing Agent	<u>134,000</u>	<u>134,000</u>	<u>123,809</u>	<u>10,191</u>
Charity	10,000	10,000	10,000	
Total Charity	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Law Library	42,000	42,000	40,794	1,206
Total Law Library	<u>42,000</u>	<u>42,000</u>	<u>40,794</u>	<u>1,206</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**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, 2005**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
CASA	42,000	42,000	40,586	1,414
Total CASA	42,000	42,000	40,586	1,414
Highway Budget Account	613,184	613,184	587,756	25,428
Capital Outlay	290,153	290,153	289,721	432
Total Highway Budget Account	903,337	903,337	877,477	25,860
County Audit Budget Account	148,812	148,812	69,169	79,643
Total County Audit Budget Account	148,812	148,812	69,169	79,643
Free Fair Budget Account	202,400	202,400	201,878	522
Capital Outlay	101,076	101,076	101,062	14
Total Free Fair Budget Account	303,476	303,476	302,940	536
Building Maintenance	667,638	667,638	551,342	116,296
Capital Outlay	50,000	50,000	21,754	28,246
Total Building Maintenance	717,638	717,638	573,096	144,542
Reserve for Courthouse Improvement	1,435,534	1,435,534		1,435,534
Total Reserve for Courthouse Improvements	1,435,534	1,435,534	-	1,435,534
Total Expenditures, Budgetary Basis	20,606,651	20,829,272	17,416,817	3,412,455
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	4,314,762	\$ 4,314,762
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			354,632	
Add: Current Year Outstanding Warrants			522,248	
Ending Cash Balance			\$ 5,191,642	

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**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, 2005**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 2,592,478	\$ 2,592,478	\$ 2,592,478	\$ -
Less: Prior Year Outstanding Warrants	(141,818)	(141,818)	(141,818)	
Less: Prior Year Encumbrances	(40,329)	(40,329)	(29,925)	10,404
Beginning Cash Balances, Budgetary Basis	<u>2,410,331</u>	<u>2,410,331</u>	<u>2,420,735</u>	<u>10,404</u>
Receipts:				
Ad Valorem Taxes	2,683,007	2,683,007	2,585,239	(97,768)
Charges for Services		329,059	79,801	(249,258)
Intergovernmental			314,560	314,560
Miscellaneous Revenues	76,329	76,329	128,896	52,567
Total Receipts, Budgetary Basis	<u>2,759,336</u>	<u>3,088,395</u>	<u>3,108,496</u>	<u>20,101</u>
Expenditures:				
Health and Welfare	2,880,934	3,412,299	2,489,093	923,206
Capital Outlay	2,288,733	2,086,427	110,751	1,975,676
Total Expenditures, Budgetary Basis	<u>5,169,667</u>	<u>5,498,726</u>	<u>2,599,844</u>	<u>2,898,882</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	2,929,387	<u>\$ 2,929,387</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			432,580	
Add: Current Year Outstanding Warrants			16,617	
Ending Cash Balance			<u>\$ 3,378,584</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**CLEVELAND COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES—SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

---

Beginning Cash Balance	\$ 223
Receipts:	
Ad Valorem	478
Miscellaneous	19
Total Receipts	<u>497</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 720</u>

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**CLEVELAND COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

**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. Sinking Fund Schedule**

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

See independent auditor's report.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**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 the combined totals—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, 2005, which 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 September 29, 2005. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cleveland County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Cleveland County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings as items 2005-2 and 2005-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleveland County's financial statement is free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-1.

This report is intended solely for the information and use of the management of the County, and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.



JEFF A. McMAHAN  
State Auditor and Inspector

September 29, 2005

CLEVELAND COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

---

**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2005-1—Financial Statements (Repeat Finding)**

Criteria: For counties who have adopted the County Budget Act per 19 O.S. 2001, § 1403 and 19 O.S. 2001, § 1405 states, “The accounting records of each county shall be established and maintained and financial statements prepared therefore in conformity with generally accepted accounting principles promulgated from time to time by authoritative bodies of the United States...”

Condition: The County has adopted the County Budget Act, however, does not prepare financial statements in conformity with generally accepted accounting principles as provided by that Act.

Recommendation: We recommend the County prepare financial statements in conformity with generally accepted accounting principles as required by counties who have adopted the County Budget Act.

Views of responsible officials and planned corrective actions: Management is aware of this situation, however, due to financial situations we are unable to comply with this situation at this time. We are currently in the process of correcting this situation to comply with state statutes.

**Finding 2005-2—County Sheriff Inmate Trust Account (Repeat Finding)**

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, 19 O.S. 2001, § 531 states in part that the county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into the Inmate Trust Fund Checking Account. In addition, 28 O.S. 2001, § 9 states, “Every officer charging fees shall give a receipt therefore.”

Condition: While performing cash compositions for the Sheriff’s Inmate Trust Account, the following was noted:

1. Deposits are not made daily.
2. Receipt #36682 in the amount of \$15.00 could not be traced to a deposit.
3. The deposit dated November 8, 2004, in the amount of \$115.46 could not be traced to a receipt.
4. The deposit dated January 4, 2005, in the amount of \$266.27 could not be traced to a receipt.
5. The deposit dated February 28, 2005, in the amount of \$20.00 could not be traced to a receipt.
6. The deposit dated April 28, 2005, in the amount of \$35.00 could not be traced to a receipt.

Recommendation: We recommend that all monies collected under the color of office be receipted and deposited daily. We further recommend to enhance effective accounting procedures, the County Sheriff’s office list a receipt number or inmate’s name on the deposit slip for all cash deposited.

**CLEVELAND COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

---

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. Management has implemented procedures to correct this issue.

**Finding 2005-3—Reconciling the Sheriff's Inmate Trust Account (Repeat Finding)**

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Condition: The Sheriff's Inmate Trust Account was not properly reconciled with the bank statement at June 30, 2004. The ending balance shown on the reconciliation does not agree to the account register.

Recommendation: We recommend that a reconciliation of the Sheriff's Inmate Trust Account containing documentation of reconciling items and balances be performed monthly.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. Management has implemented procedures to correct this issue.