

COUNTY AUDIT

CREEK COUNTY

For the fiscal year ended June 30, 2010



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



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

**CREEK COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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

December 14, 2012

TO THE CITIZENS OF
CREEK COUNTY, OKLAHOMA

Transmitted herewith is the audit of Creek County, Oklahoma for the fiscal year ended June 30, 2010. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

**CREEK COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**CREEK COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

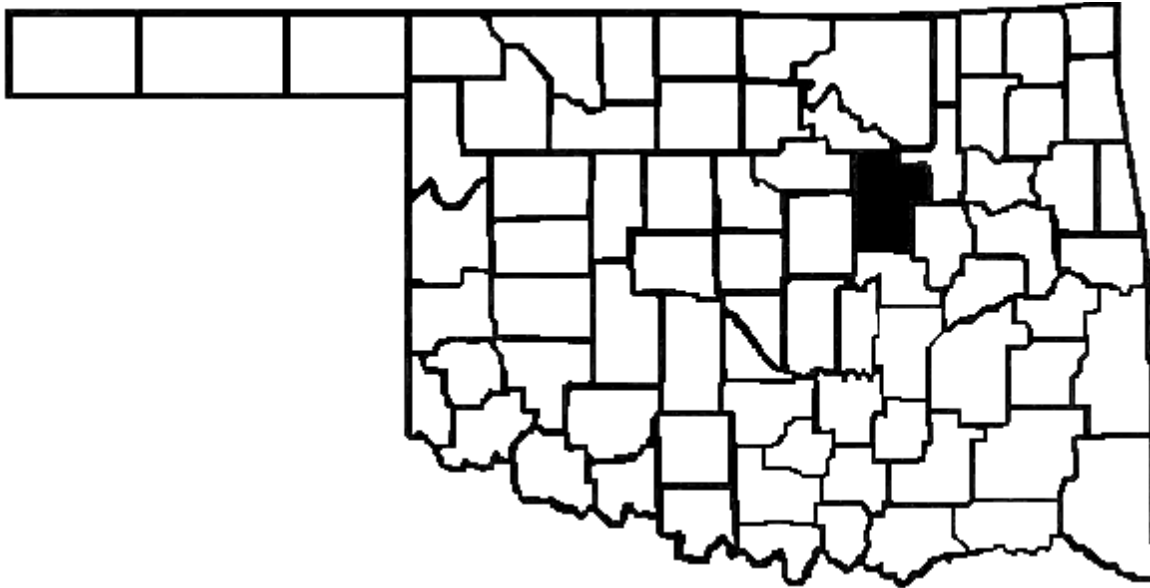
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**CREEK COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



Located in east central Oklahoma, Creek County was created at statehood. Sapulpa, the county seat, was named for Sus pul ber, a Creek leader. It was so designated following an election by county residents August 12, 1908, after statehood and reaffirmed by a United States Supreme Court decision August 1, 1913.

The discovery of oil at the Red Fork Field in 1901 marked the beginning of boom times for Creek County, yet they were not to last. As oil production began to subside following World War I, economic hard times became more and more a reality and were intensified with the advent of the Great Depression and Dust Bowl eras.

Today, Creek County is the home of Frankhoma Pottery, Inc., a unique industry which utilizes clay deposits from local Sugar Loaf Hill to manufacture dinnerware and art objects. Its factory and showroom draw visitors from all over the world.

For more county information, call the county clerk's office at 918/224-4084.

County Seat – Sapulpa

Area – 969.77 Square Miles

County Population – 69,073
(2007 est.)

Farms – 1,900

Land in Farms – 377,437 Acres

Primary Source: Oklahoma Almanac 2009-2010

**CREEK COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Board of County Commissioners

District 1 – Dana Hudgins
District 2 – Johnny Burke
District 3 – Roger Boomer

County Assessor

Cynthia Holtwick

County Clerk

Janell Diehl

County Sheriff

Stephen Toliver

County Treasurer

Jeff Sparks

Court Clerk

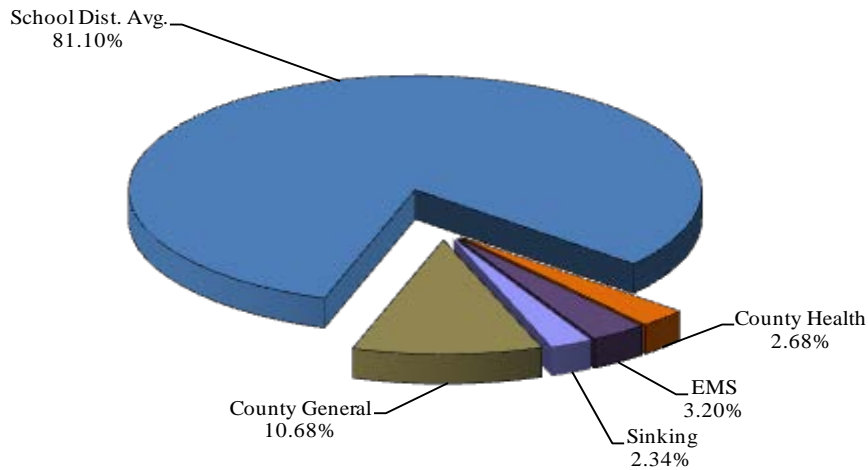
Pat Creason

District Attorney

David Max Cook

**CREEK COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

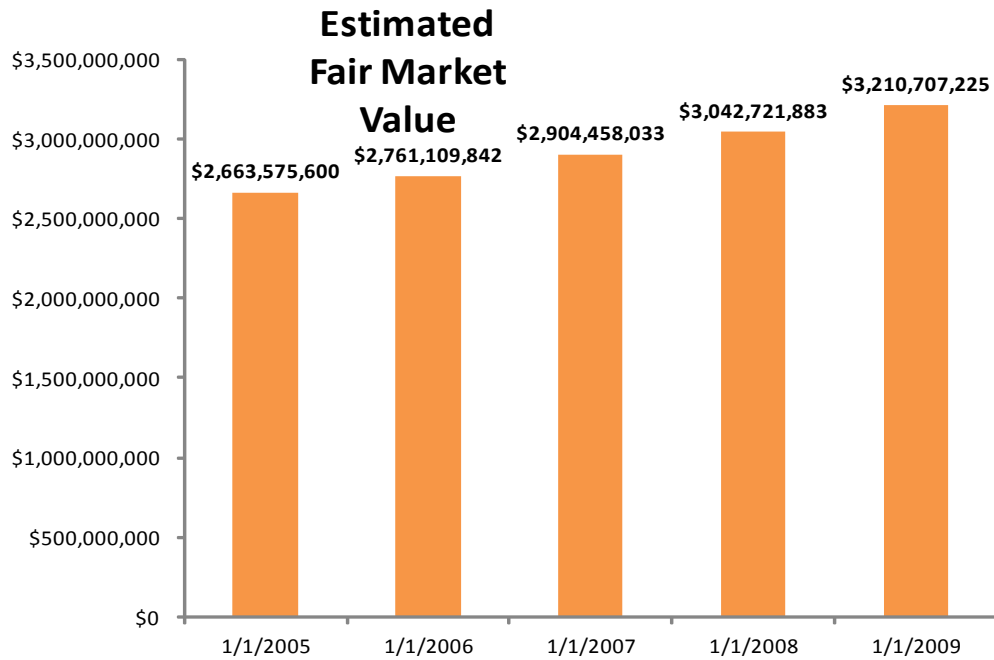
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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								
		Gen.	Bldg.	Sk.	Career Tech	Career Tech Bldg.	Common	Total		
County General	10.26									
County Health	2.57									
EMS	3.08									
Sinking	2.25									
Cities and Towns										
Keifer	2.47									
Sapulpa	12.80									
Milfay	D-1	35.49	5.07		10.26	3.00	4.10	57.92		
Bristow	I-2	36.00	5.14	28.54	10.26	3.00	4.10	87.04		
Mannford	I-3	36.02	5.15	19.58	10.26	3.00	4.10	78.11		
Pawnee	Jt 3	36.55	5.22	19.58	10.45	3.00	4.10	78.90		
Mounds	I-5	36.26	5.18	29.90	10.26	3.00	4.10	88.70		
Okmulgee	Jt 5	35.00	5.00	29.90	10.00	3.00	4.10	87.00		
Lone Star	D-8	36.40	5.20	19.50	10.26	3.00	4.10	78.46		
Gypsy	D-12	36.24	5.18	8.39	10.26	3.00	4.10	67.17		
Olive	I-17	36.38	5.20	14.53	10.26	3.00	4.10	73.47		
Keifer	I-18	35.83	5.12	23.31	10.26	3.00	4.10	81.62		
Oilton	I-20	35.96	5.14	24.30	10.26	3.00	4.10	82.76		
Payne	Jt 20	35.00	5.00	24.30	10.00	3.00	4.10	81.40		
Depew	I-21	35.57	5.08	10.63	10.26	3.00	4.10	68.64		
Kellyville	I-31	36.15	5.16	17.26	10.26	3.00	4.10	75.93		
Sapulpa	I-33	35.78	5.11	27.10	10.26	3.00	4.10	85.35		
Pretty Water	D-34	36.79	5.26	10.82	10.26	3.00	4.10	70.23		
Allen Bowden	D-35	36.11	5.16	4.94	10.26	3.00	4.10	63.57		
Drumright	I-39	35.66	5.09	35.18	10.26	3.00	4.10	93.29		
Payne	Jt 39	35.00	5.00	35.18	10.00	3.00	4.10	92.28		
Okfuskee	I-14	35.50	5.07		10.11	5.06	4.10	59.84		
Pawnee Co	D-2	36.44	5.21	12.29	10.45	3.00	4.10	71.49		
Pawnee Co	I-6	36.14	5.16	25.74	10.50	3.00	4.10	84.64		
Tulsa Co Jt	I-1	35.04	5.01	23.75	8.06	5.10	4.10	81.06		
Tulsa Co Jt	I-5	36.79	5.26	32.57	8.06	5.10	4.10	91.88		

**CREEK COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

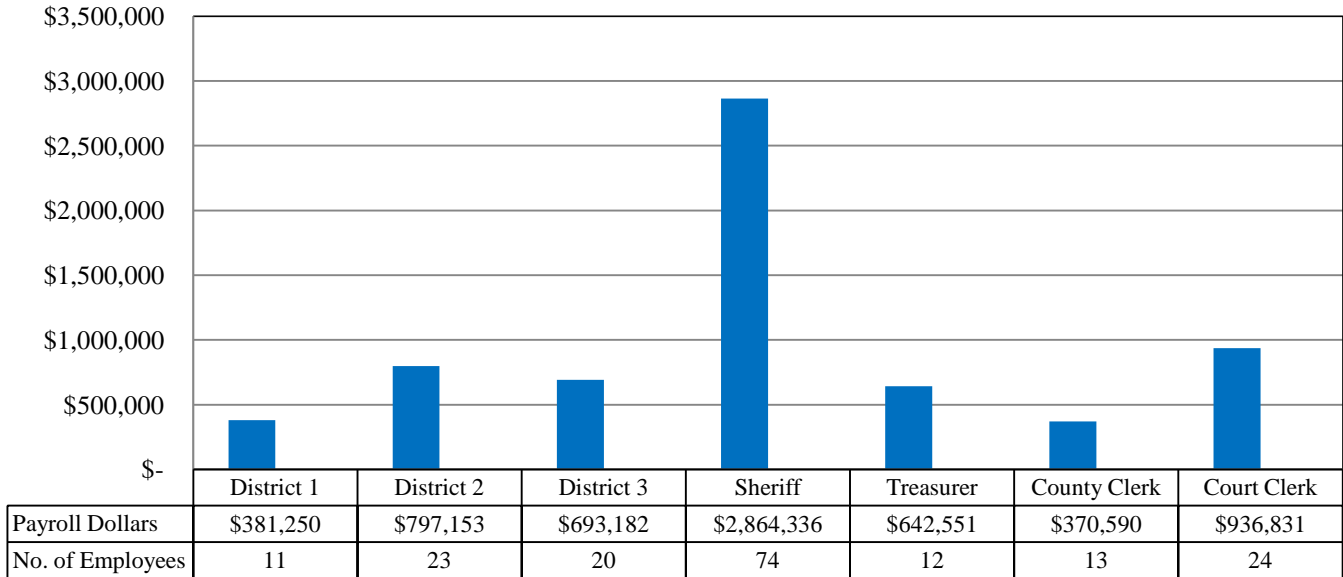
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2009	\$73,708,797	\$57,879,740	\$271,834,934	\$18,138,604	\$385,284,867	\$3,210,707,225
1/1/2008	\$69,109,296	\$54,988,943	\$259,057,893	\$18,029,506	\$365,126,626	\$3,042,721,883
1/1/2007	\$68,313,643	\$55,091,166	\$242,964,030	\$17,563,875	\$348,804,964	\$2,904,458,033
1/1/2006	\$64,093,029	\$57,489,174	\$225,595,370	\$15,844,392	\$331,333,181	\$2,761,109,842
1/1/2005	\$60,639,476	\$59,694,021	\$215,357,997	\$16,062,422	\$319,629,072	\$2,663,575,600



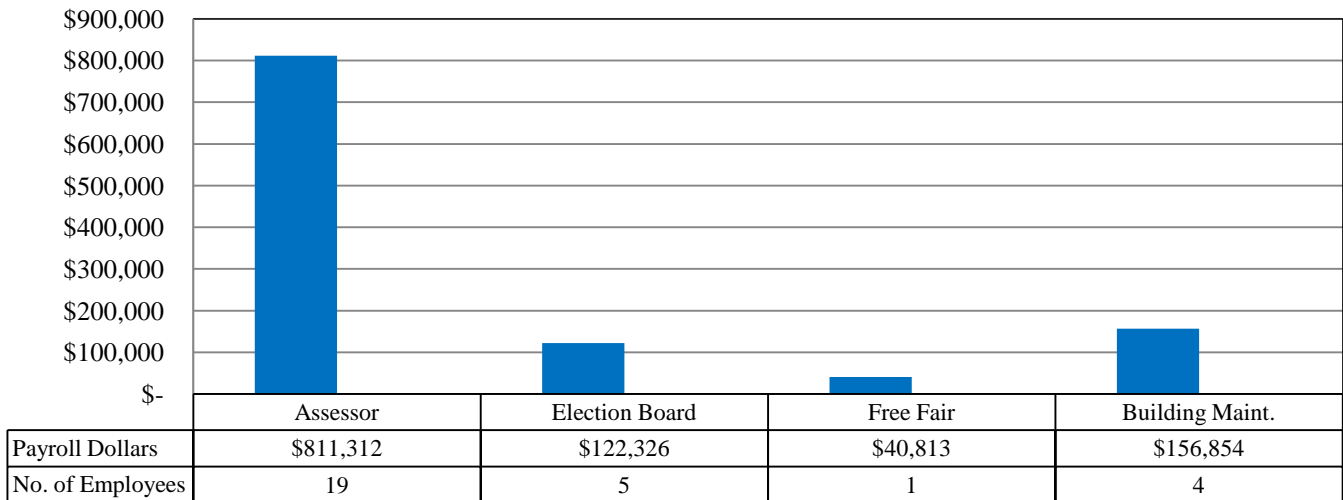
**CREEK COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2010.

Payroll Expenditures by Department



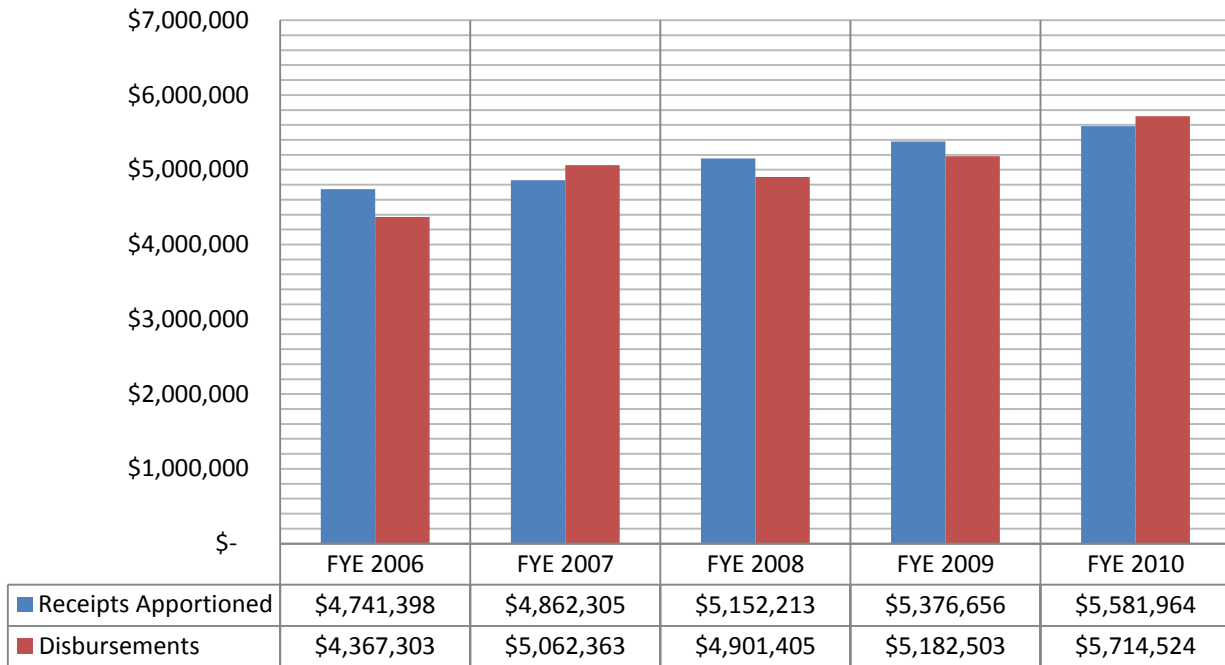
Payroll Expenditures by Department



**CREEK COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

County General Fund

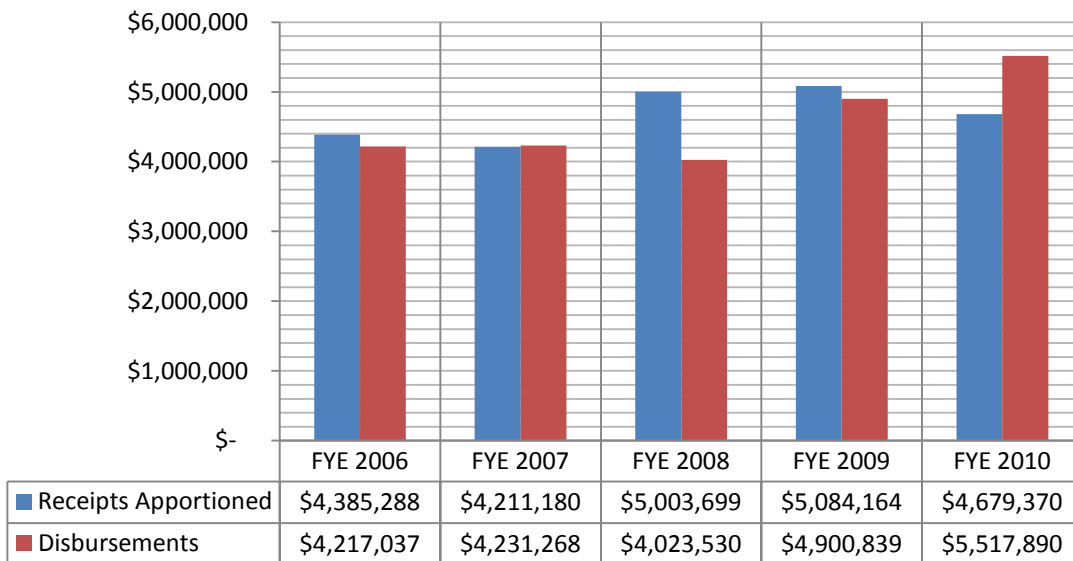
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the County's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also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



**CREEK COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

County Highway Fund

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



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
CREEK COUNTY, OKLAHOMA

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Creek County, Oklahoma, as of and for the year ended June 30, 2010, listed in the table of contents as the financial statement. This financial statement is the responsibility of Creek County's management. Our responsibility is to express an opinion on the combined total—all county funds 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.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects 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 Creek County as of June 30, 2010, 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 balances for all county funds of Creek County, for the year ended June 30, 2010, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of Creek 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 county funds on the financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. The remaining 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 financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the combined total—all county funds on the regulatory basis Statement of Receipts, Disbursements and Changes in Cash Balances and, in our opinion, is fairly stated, in all material respects, in relation to the combined total—all county funds. Creek County has not presented the budgetary comparison information for the Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund or County Health Fund. Although not a part of the financial statement, such information is an integral part of the regulatory presentation for county government. 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.

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

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

December 12, 2012

REGULATORY BASIS FINANCIAL STATEMENT

CREEK COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Beginning Cash Balances July 1, 2009	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2010
Combining Information:				
Major Funds:				
County General	\$ 1,737,223	\$ 5,581,964	\$ 5,714,524	\$ 1,604,663
Highway Cash	2,287,654	4,679,370	5,517,890	1,449,134
Highway Sales Tax	2,737,002	1,773,553	1,400,500	3,110,055
Sheriff's Service Fee	195,678	528,525	546,588	177,615
County Health	724,121	1,029,272	906,050	847,343
General Administration	412,760	262,044	66,732	608,072
County Jail Sales Tax	4,542,344	1,633,920	5,744,716	431,548
County Jail Maintenance	865,533	1,598,648	1,786,150	678,031
Sheriff Board of Prisoners	945,708	1,640,410	1,740,807	845,311
WR-911	390,663	104,612	61,433	433,842
Resale Property	289,888	564,087	413,591	440,384
County Sinking	352,959	833,992	797,059	389,892
E-911 Phase 2	223,772	125,146	0	348,918
Remaining Aggregate Funds	308,929	154,647	134,798	328,778
Combined Total - All County Funds	\$ 16,014,234	\$ 20,510,190	\$ 24,830,838	\$ 11,693,586

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

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Creek 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 school districts, cities and towns, and emergency medical districts. 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 – revenues are from ad valorem taxes, officers' fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

Highway Sales Tax – revenues are from a county sales tax and disbursements are for the retirement of bonds issued to construct county roads and bridges.

Sheriff's Service Fee – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

County Health – revenues are from ad valorem taxes, miscellaneous fees charged by the Health Department, and state and federal funds. Disbursements are for the operation of the County Health Department.

General Administration – revenues are from a use tax charged to out-of-county vendors on in-county sales. Disbursements are for any legal expense of the County.

County Jail Sales Tax – revenues are from a county sales tax. Disbursements are for the maintenance and operation of the county jail.

County Jail Maintenance – revenues are from a county sales tax. Disbursements are for the maintenance of the county jail.

Sheriff Board of Prisoners – revenues are from fees charged for boarding prisoners of non-county entities in the county jail. Disbursements are for feeding and housing inmates of the county jail.

WR-911 – revenues are from 911 telephone service fees. Disbursements are for 911 services.

Resale Property – revenues are from interest and penalties on ad valorem taxes paid late. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

County Sinking – revenues are from ad valorem taxes and interest earnings. Disbursements are for the payment of principal and interest on judgments against the County and the servicing of long-term debt obligations.

E-911 Phase 2 – revenues are from WCOG. Disbursements are for 911 services.

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 on a regulatory basis. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

D. Budget

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

E. Cash and Investments

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

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."

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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.

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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. Long Term Obligations

1. Judgments

The County had a case with a Case Number of CJ-2006-1376, which was paid over a three year period and has now been paid off in 2010.

<u>Case Number</u>	<u>Original Judgment</u>
CV-2008-0880	\$1,700,000.00

During the year ended June 30, 2010, the County paid \$601,237.48 in principal plus \$63,447.39 in interest totaling \$664,684.87 on this judgment. Future principal payments that will become due are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$565,793.25	\$63,447.39	\$629,240.64
2012	\$532,969.27	\$63,447.39	\$596,416.66

2. General Obligation Bonds

The government issued general obligation bonds to provide funds to acquire and develop land for industry. General obligation bonds are direct obligations and pledge the full faith and credit of the County, therefore, the County will levy ad valorem taxes each year for an amount necessary to fulfill the payment requirements. These bonds are required to be fully paid within 10 years from the date of issue. The first bond payment is due November 1, 2009, the first interest payment was due on May 1, 2007. During the year ended June 30, 2010, the County paid \$100,000.00 in principal, \$32,125.00 in interest, and \$250.00 administrative fee on the general obligation bonds.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Obligation Bonds	3.20-3.55%	\$1,000,000.00

**CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Principal and interest payments to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$150,000.00	\$28,087.50	\$178,087.50
2012	150,000.00	23,175.00	173,175.00
2013	150,000.00	18,187.50	168,187.50
2014-2016	<u>450,000.00</u>	<u>23,737.50</u>	<u>473,737.50</u>
Total	<u>\$1,000,000.00</u>	<u>\$159,037.50</u>	<u>\$1,159,037.50</u>

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, but have a one-time fee of 3% on all pieces of machinery acquired.

E. Sales Tax

In a special election held on November 13, 2001, the citizens of Creek County approved a one percent (1%) sales tax. Sales tax collections began January 3, 2003. Sales tax revenue is used as follows:

- (A) One-third (1/3) is transferred to the County Jail Sales Tax Revolving Fund to be used to pay debt service on bonds or notes issued by the Creek County Public Facilities Authority, the proceeds of which are to be used to acquire, construct and equip the County jail facility. This one-third (1/3) is to be terminated at the earliest possible date, at the requirement of bonds or notes, and not to exceed fifteen (15) years.
- (B) One-third (1/3) is used to pay operational and maintenance expenses on the County jail facility. This one-third (1/3) is to be used to continue on a permanent or unlimited basis.
- (C) One-third (1/3) is used to pay debt service on bonds or notes issued by the Creek County Public Facilities Authority. The proceeds of which are to be used to construct county roads and bridges. This one-third (1/3) is to be terminated at the earliest possible date, at the retirement of bonds or notes, and not to exceed five (5) years.

The revenue bonds issued by the Authority are not a liability of Creek County. The Creek County Public Facilities Authority is not a component unit of Creek County.

OTHER SUPPLEMENTARY INFORMATION

CREEK COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Beginning Cash Balances July 1, 2009	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2010
Remaining Aggregate Funds:				
Assessor's Revolving Fee	\$ 7,166	\$ 8,147	\$ 4,170	\$ 11,143
Assessor Visual Inspection	98,193	-	-	98,193
Mortgage Tax Certification Fee	10,260	13,705	8,009	15,956
County Clerk Lien Fee	25,903	21,762	28,934	18,731
County Clerk Preservation Fee	69,379	79,950	67,076	82,253
Courthouse Remodel	97,972	28,535	26,609	99,898
Sheriff's Training Fund STF-1	56	2,548	-	2,604
Combined Total - Remaining Aggregate Funds	\$ 308,929	\$ 154,647	\$ 134,798	\$ 328,778

**CREEK COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 have not been presented. Therefore, the legally adopted budget cannot be compared with actual data for the General Fund and the County Health Department Fund.

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

2. Remaining County Funds

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

Assessor's Revolving Fee – revenues are from any and all fees collected by the County Assessor. Disbursements are to maintain electronic databases and geographic information systems in the Assessor's office.

Assessor Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-valuation of all county property for ad valorem purposes.

Mortgage Tax Certification Fee – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

County Clerk Lien Fee – revenues are from a fee charged by the Clerk for filing liens. Disbursements are for any lawful expense of the Clerk's office.

County Clerk Preservation Fee – revenues are from fees charged by the Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

Courthouse Remodel – revenues are from the Court Clerk's funds. Disbursements are for the remodel of the courthouse.

Sheriff's Training Fund STF-1 – revenues are from the sale of property forfeited in drug cases. Disbursements are for officer training, equipment and crime prevention.

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
Violence Against Women Formula Grants	16.588		\$ 17,171
Bulletproof Vest Partnership Program	16.607		3,628
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>20,024</u>
Total U.S. Department of Justice			<u>40,823</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Oklahoma Highway Safety Office:			
RECOVERY ACT - Highway Planning and Construction	20.205		<u>171,547</u>
Total U.S. Department of Transportation			<u>171,547</u>
U.S. DEPARTMENT OF ENERGY			
Direct Grant:			
RECOVERY ACT - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		<u>228,415</u>
Total U.S. Department of Energy			<u>228,415</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through State Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 1876	113,844
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 1883	<u>243,534</u>
Total U.S. Department of Homeland Security			<u>357,378</u>
Total Expenditures of Federal Awards			<u>\$ 798,163</u>

**CREEK COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Basis of Presentation

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

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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

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
CREEK COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Creek County, Oklahoma, as of and for the year ended June 30, 2010, which comprises Creek County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 12, 2012. 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. 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 Creek County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Creek County's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2009-1, 2009-2, and 2009-3. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Creek 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 matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2009-3.

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

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

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



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

December 12, 2012



Oklahoma State Auditor & Inspector

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

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

TO THE OFFICERS OF
CREEK COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Creek County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Creek County's major federal programs for the year ended June 30, 2010. Creek County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of Creek County's management. Our responsibility is to express an opinion on Creek County's compliance based on our audit.

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

In our opinion, Creek County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-8.

Internal Control Over Compliance

Management of Creek County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Creek County's internal control over

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

December 12, 2012

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? Yes

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?..... Yes

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
81.128	Energy Efficiency and Conservation Block Grant Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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*

Finding 2010-1-Reconciliation of General Fund Disbursements (Repeat Finding)

Condition: During test work performed to reconcile treasurer's disbursements to warrants issued, OSAI was unable to reconcile general fund disbursements. Part of the variance noted was due to amounts being disbursed by a treasurer's check instead of by a journal entry or collection correction. This was noted for credit card payments, non-sufficient funds, and treasurer's redemption fees. Also, during our attempt to reconcile, we noted for all cancelled warrants, the Treasurer's office is manually changing the amount to zero for each cancelled warrant in the treasurer's system.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that disbursements are adequately supported and error corrections, non-sufficient funds corrections, and credit card payments be corrected by journal entry or collection corrections.

Effect of Condition: This could result in erroneous recorded transactions, undetected errors, and possible misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure disbursements are adequately supported and error corrections, non-sufficient fund corrections, and credit card payments be corrected by journal entry or collection corrections.

Management Response:

County Treasurer: I wasn't in office in 2009. The credit card system was the biggest issue when I took office. I changed credit card companies in 2012. We no longer pay the balance treasurer's checks with credit cards. Our new company runs with our cash register to keep a weekly balance.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, management should provide adequate documentation to support receipts and disbursement amounts for county funds.

Finding 2010-2-Segregation of Duties over Payroll Disbursements (Repeat Finding)

Condition: Duties over the County's payroll processes are not adequately segregated:

- The Payroll Clerk enrolls new employees, makes payroll changes, runs verification reports and reconciles, and prints payroll affidavits and warrants.

Cause of Condition: Policies and procedures have not been designed to provide for adequate segregation of duties over the payroll process.

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Effect of Condition: These conditions could result in undetected errors or misappropriation of funds.

Recommendation: OSAI recommends that management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions. Further, the duties of enrolling new employees, making payroll changes, running verification reports and reconciling, initiating payment of payroll, and printing of affidavits and warrants should be adequately segregated.

Management Response:

County Clerk: I will segregate duties between the purchasing agent and the payroll clerk, as well as, cross train employees.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

Finding 2010-3-Purchase Orders Not Timely Encumbered (Repeat Finding)

Condition: Twenty-five of 99 disbursements tested were not timely encumbered. For 8 of the 99 disbursements tested more money was spent than was encumbered. For 1 of the 99 disbursements tested, there was no invoice to support the purchase order.

Cause of Condition: Policies and procedures have not been designed to ensure implementation of timely encumbrance of county funds.

Effect of Condition: This condition could result in the County having misstated financial reports, unrecorded transactions, and being in violation of the law, regulation, or legislative intent. This condition could also result in judgments being levied against the County.

Recommendation: OSAI recommends that the County encumber purchase orders prior to ordering or receiving goods and services, and strictly adhere to state purchasing laws.

Management Response:

Chairman, Board of County Commissioners: Management will meet to issue a memo to all officials' departments.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, purchase orders should be encumbered prior to receiving the goods or services as required by 19 O.S. § 1505C.

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Finding 2010-8—Suspension and Debarment

PASS-THROUGH GRANTOR: Oklahoma Highway Safety Office, Direct Grant, Department of Homeland Security

FEDERAL AGENCY: Department of Transportation, Department of Energy, Department of Homeland Security

CFDA NO: 20.205, 81.128, 97.036

FEDERAL PROGRAM NAME: Highway Planning Grant, Energy Efficiency Grant, Public Assistance Grant

FEDERAL AWARD YEAR: 2010

CONTROL CATEGORY: Suspension and Debarment

QUESTIONED COSTS: \$-0-

Condition: Creek County did not verify if vendors are debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.

Cause of Condition: Creek County does not have procedures in place to ensure vendors are not debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.

Effect of Condition: Creek County may be liable for any Federal awards received for reimbursement of a vendor who is debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.

Recommendation: OSAI recommends that Creek County develop procedures to ensure vendors are not debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.

Management Response:

District 1 Commissioner and Chairman of the Board: I was not here at this time, but we have implemented procedures to ensure that vendors are not suspended or debarred.

Criteria: Federal A-133 Compliance Supplement Part Three states in part:

...entities are prohibited from contracting with or making awards under covered transactions to parties that are suspended or debarred...

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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.

Finding 2010-4-Lack of Segregation of Duties over Inmate Trust Fund (Repeat Finding)

Condition: The Sheriff’s secretary performs all duties of receipting, depositing, issuing checks, and reconciling the Inmate Trust Fund without independent verification of accuracy.

Cause of Condition: Policies and procedures have not been implemented to provide appropriate segregation of duties over the Sheriff’s Inmate Trust Fund.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management’s overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Management Response:

Interim Sheriff: I will implement policies and procedures to correct these issues.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Finding 2010-5-Estimate of Needs (Repeat Finding)

Condition: We noted in the 2010-2011 Estimate of Needs that the cash receipts and disbursements on the budget of the general fund do not agree to receipts apportioned and disbursements adjusted for encumbrances on the financial statement.

Cause of Condition: Policies and procedures have not been implemented to review the Estimate of Needs.

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Effect of Condition: This condition results in an incomplete and/or incorrect Estimate of Needs being approved.

Recommendation: We recommend management review the Estimate of Needs prior to approval to ensure that all exhibits are accurately presented.

Management Response:

County Treasurer: I was not in office in 2009. We will get with the budget maker and compare his report with ours to make sure they balance from this point forward.

County Clerk: I will meet with the County Commissioners as well as our CPA to resolve these issues.

Criteria: The adopted budget is an expression of public policy and financial intent and is a method of providing controls over that intent. Effective internal controls as they relate to government entities financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable user's access to that accountability by demonstrating whether resources were obtained and used in accordance with the entity's adopted budget.

Finding 2010-6-Court Fund Vouchers (Repeat Finding)

Condition: Twenty-five of 25 Court Fund vouchers did not have a receiving report with the supporting documentation.

Cause of Condition: Policies and procedures have not been designed to retain supporting documentation and to implement receiving reports for Court Fund vouchers.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that management implement policies and procedures regarding receiving reports for Court Fund vouchers.

Management Response:

Court Clerk: These findings pertain to the previous administration. My office will begin work immediately to implement the changes that are recommended by the OSAI.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper accounting of funds, all supporting documentation should be kept and a receiving report should be implemented.

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Finding 2010-7–Court Clerk Bank Accounts (Repeat Finding)

Condition: The Court Clerk has satellite offices in Bristow and Drumright. In each of the satellite offices, the Court Clerk has a bank account in which all monies are deposited. On the same day as the deposits, checks are written and mailed from those accounts to the Official Depository Account with the County Treasurer in Sapulpa. The satellite bank accounts are in the Court Clerk’s name and are not reported on the Treasurer’s general ledger. The accounts are reconciled monthly by the Court Clerk’s office; however, are not approved by the Board of County Commissioners as depository accounts for the County.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that satellite bank accounts are being reported on the general ledger and being approved as county depositories by the Board of County Commissioners.

Effect of Condition: Satellite bank accounts not being reported on the general ledger and not approved as county depositories by the Board of County Commissioners increases the risk of misappropriation of assets and depositing procedures are not in accordance with state statutes.

Recommendation: OSAI recommends the satellite bank accounts be approved as county depositories by the Board of County Commissioners, be in the name of the County Treasurer, and included on the Treasurer’s general ledger. The Treasurer should also reconcile the accounts on a monthly basis.

Management Response:

Court Clerk: These findings pertain to the previous administration. My office will begin work immediately to implement the changes that are recommended by the OSAI.

Criteria: Title 19 O.S. § 121 states in part:

The county treasurer of each county shall deposit daily, not later than the immediately next banking day, all the funds and monies of whatever kind that shall come into his or her possession by virtue of the office as such county treasurer in the name of the county treasurer in one (1) or more banks located in the county and designated by the board of county commissioners as county depositories. Provided, before the deposit of any such funds, the county treasurer shall take from each of such banks security in a sum equal to the largest approximate amount that may be deposited in each bank respectively at any one time. Such security is required to be pledged, taken, approved, held and withdrawn under the provisions of the Security for Local Public Deposits Act prescribed in Sections 8 through 14 of this act...

Title 19 O.S. § 642 states in part:

The county treasurer shall keep a cash book, in which he shall enter an account of all money by him received...

**CREEK COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Finding 2008-12-- Insufficient Records of Federal Disbursements

CFDA: 97.036

Federal Program Name: Disaster Grants – Public Assistance

Federal Agency: U.S. Department of Homeland Security

Finding Summary: The County reported federal expenditures totaling \$745,194 related to the Disaster Grants – Public Assistance program. However, the accounting records did not identify specific expenditures for Disaster 1735, Projects 615 and 485 and Disaster 1712, Projects 1642, 1643, 425, and 1561 associated with \$142,025.55 of this program. As a result, we were unable to identify which expenditures support the \$142,025.55 reported. This amount represents 19.1% of the total expenditures for this program.

Status: No action taken.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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