

COUNTY AUDIT

CADDO COUNTY

For the fiscal year ended June 30, 2017



*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

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

May 25, 2018

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma for the fiscal year ended June 30, 2017. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "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

**CADDO COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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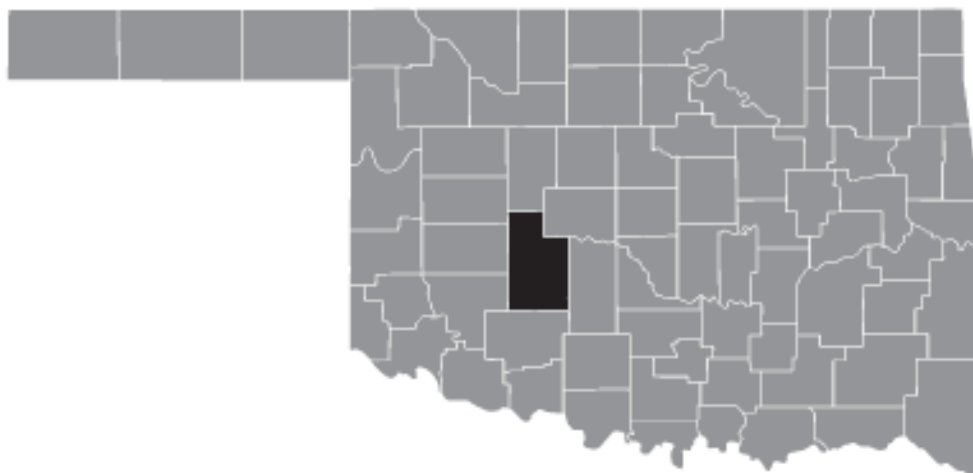
**CADDO COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**INTRODUCTORY SECTION
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**CADDO COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



Caddo County was organized on August 6, 1901, when much of southwestern Oklahoma was opened by land lottery. Caddo comes from an Indian word, Kaddi, meaning “life” or “chief”. The county is primarily agricultural and produces much of Oklahoma’s peanuts, alfalfa, and wheat.

As one of the original five “Main Street” communities in the state, Anadarko, the county seat, has sought to establish the economic and historical restoration of its downtown area. It is the site of Western Farmer’s Electric Cooperative, the largest industry in Caddo County.

The American Indian Exposition, one of the largest events of its kind in the world, is held annually in Anadarko, as are the Southern Plains Indian Rendezvous Art Show and the Autumn Festival.

There are three historical societies in Caddo County. They are: Cyril Historical Society in Cyril, Hinton Historical Society in Hinton, and the Philomathic Museum in Anadarko. The National Hall of Fame for American Indians and Tourist Information Center is located on Highway 62 in Anadarko. For more information, call the county clerk’s office at 405/247-6609.

County Seat – Anadarko

Area – 1,290.31 Square Miles

County Population – 29,317
(2014 est.)

Farms – 1,461

Land in Farms – 707,669 Acres

Primary Source: Oklahoma Almanac 2015-2016

Board of County Commissioners

District 1 – Benny Bowling
District 2 – Randy McLemore
District 3 – Brent Kinder

County Assessor

Edward Whitworth

County Clerk

Patrice Dolch

County Sheriff

Lennis Miller

County Treasurer

Regina Moser

Court Clerk

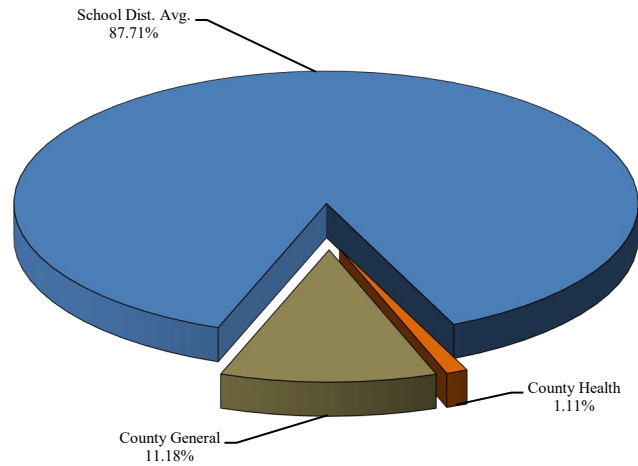
Patti Barger

District Attorney

Jason Hicks

**CADDO COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

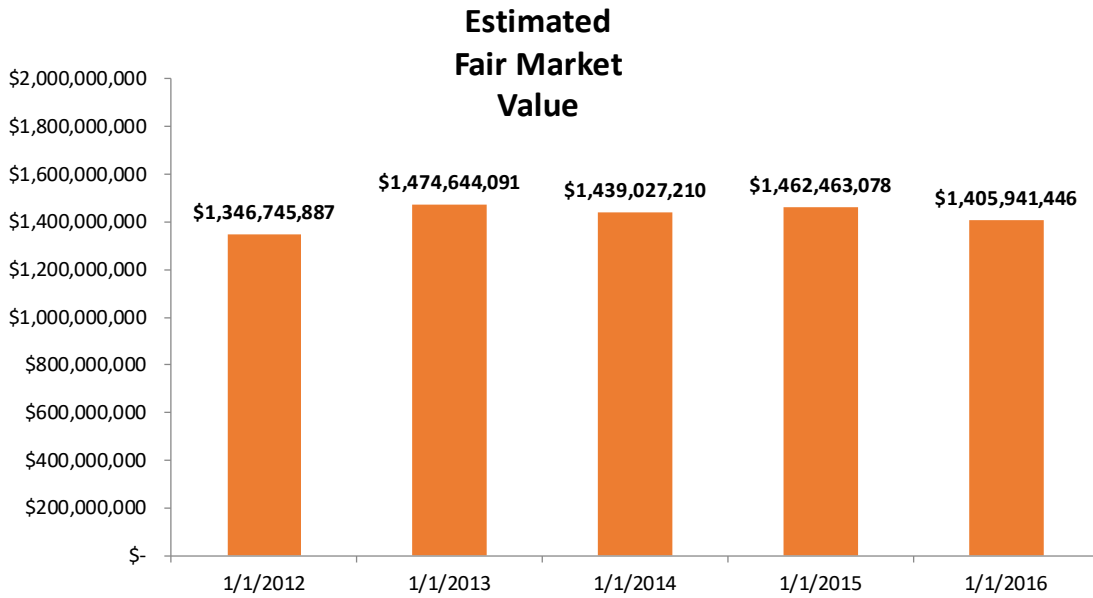
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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.	Skg.	Career		Total
							Tech	Common	
County General	10.24								
County Health	1.02	Anadarko	I-20	35.57	5.08	24.98	11.26	4.10	80.99
Other		Hydro-Eakley	I-11	36.01	5.14	32.75	11.26	4.10	89.26
Sugar Creek Ambulance Service		Boone-Apache	I-56	35.86	5.12	39.05	11.26	4.10	95.39
(School Districts I-12, I-168, & I-161)	3.08	Ft Cobb-Broxton	I-167	36.26	5.18	52.30	11.26	4.10	109.10
		Lookeba-Sickles	I-12	36.32	5.19	16.13	11.26	4.10	73.00
		Binger-Oney V2	I-168	35.98	5.14	24.28	11.26	4.10	80.76
		Carnegie	I-33	36.03	5.15	20.70	11.26	4.10	77.24
		Cyril	I-64	35.62	5.09	23.35	11.26	4.10	79.42
		Gracemont	I-86	36.94	5.28	10.18	11.26	4.10	67.76
		Cement	I-160	35.67	5.10	37.08	11.26	4.10	93.21
		Hinton V2	I-161	35.59	5.08	24.04	11.26	4.10	80.07
		Jt 2 Grady V6	I-01	35.97	5.14	15.65	16.23	4.10	77.09
		Jt 11/6/9 (Com V9)	I-9	35.50	5.07	11.59	14.15	4.10	70.41
		Jt 9 V12 Washita	I-78	36.48	5.21	16.32	12.00	4.10	74.11
		Jt 99 V2 Grady	I-99	35.66	5.09	13.17	11.26	4.10	69.28
		Jt 131 V6 Grady	I-131	35.02	5.00	7.84	16.23	4.10	68.19

**CADDO COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

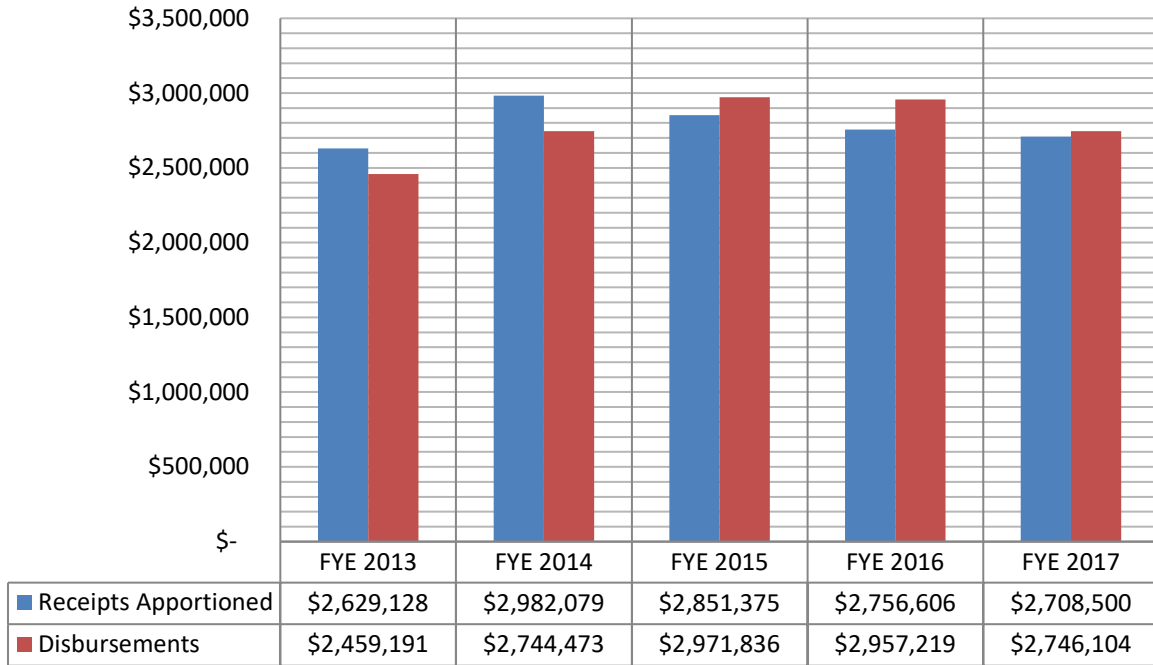
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2016	\$63,697,385	\$33,501,971	\$80,136,426	\$6,703,529	\$170,632,253	\$1,405,941,446
1/1/2015	\$71,260,890	\$35,080,259	\$78,660,804	\$5,746,115	\$179,255,838	\$1,462,463,078
1/1/2014	\$70,647,296	\$34,268,695	\$77,036,007	\$6,669,527	\$175,282,471	\$1,439,027,210
1/1/2013	\$73,794,130	\$40,612,148	\$75,015,525	\$6,696,648	\$182,725,155	\$1,474,644,091
1/1/2012	\$60,889,775	\$39,838,924	\$73,147,945	\$6,754,378	\$167,122,266	\$1,346,745,887



**CADDO COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

County General Fund

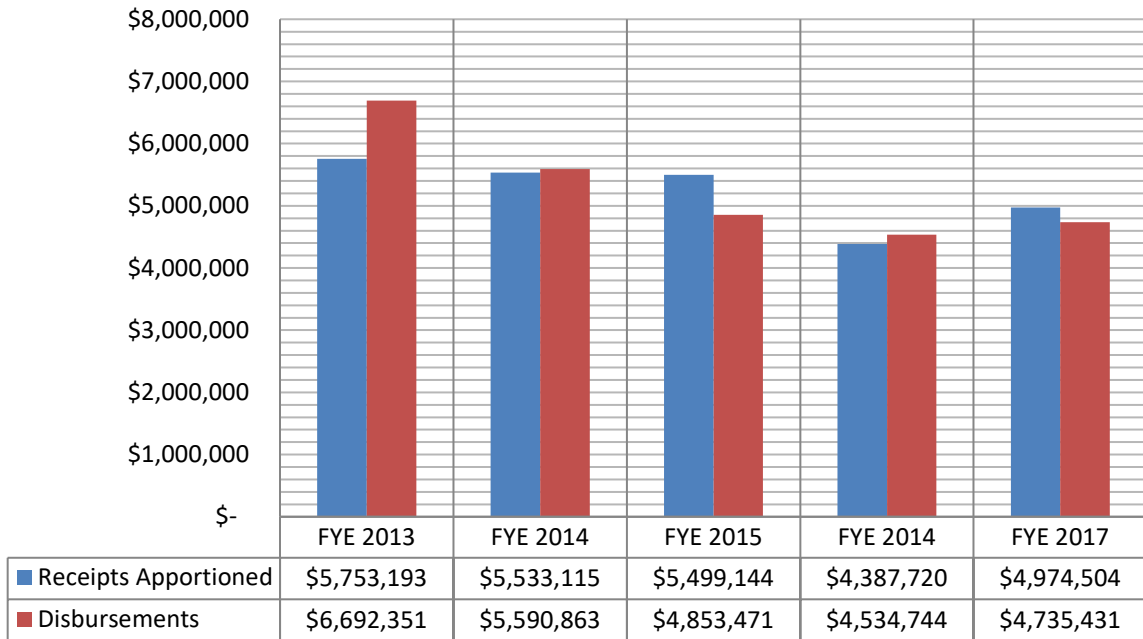
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county’s primary source of operating revenue. The County General Fund is typically used for county employees’ salaries plus many expenses for county maintenance and operation. It also 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.



**CADDO COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statement is prepared by Caddo County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Caddo County as of June 30, 2017, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Caddo County, for the year ended June 30, 2017, in accordance with the basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance, and the remaining Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2018, on our consideration of Caddo County’s internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Caddo County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "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

May 24, 2018

REGULATORY BASIS FINANCIAL STATEMENT

CADDO 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, 2017

	Beginning Cash Balances July 1, 2016	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2017
Combining Information:						
Major Funds:						
County General Fund	\$ 1,026,208	\$ 2,708,500	\$ -	\$ -	\$ 2,746,104	\$ 988,604
County Highway Fund	1,515,243	4,974,504	-	-	4,735,431	1,754,316
County Highway T-8	534,166	614,882	-	-	405,996	743,052
Caddo County Health Department	312,143	176,687	-	-	180,861	307,969
Sheriff Cash	175,720	249,149	-	-	215,096	209,773
County Use Tax	141,795	402,254	-	-	288,000	256,049
Caddo County Governmental Building Authority Capital Improvement Bond	908,361	714,955	-	-	922,975	700,341
Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations	1,964	-	-	-	-	1,964
Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations	1,056,580	710,931	-	1,276,870	6,850	483,791
Caddo County Governmental Building Authority Bond Interest Maintenance and Operations	76,435	16,660	-	-	-	93,095
OSU Extension Sales Tax	32,039	85,312	-	-	61,212	56,139
3/8 911 Sales Tax	1,375	-	159,000	-	160,035	340
3/8 Sheriff Sales Tax	754	1,139	1,117,870	-	929,316	190,447
Sheriff Sales Tax	45,434	104,270	-	-	130,617	19,087
Capital Improvements Sales Tax	200,404	90,114	-	-	136,509	154,009
Free Fair and Livestock Sales Tax	15,804	57,761	-	-	51,874	21,691
Township Fair Sales Tax	58,050	56,874	-	-	54,935	59,989
Rural Fire Sales Tax	133,014	113,749	-	-	62,841	183,922
Fairgrounds/Facilities Sales Tax	33,937	14,219	-	-	23,487	24,669
Anadarko Senior Citizen Sales Tax	5,928	13,034	-	-	15,957	3,005
Apache Senior Citizen Sales Tax	2,210	13,034	-	-	12,756	2,488
Binger Senior Citizen Sales Tax	1,380	13,034	-	-	13,200	1,214
Carnegie Senior Citizen Sales Tax	3,763	13,034	-	-	14,682	2,115
Cement Senior Citizen Sales Tax	15,151	13,034	-	-	11,829	16,356
Cyril Senior Citizen Sales Tax	910	13,034	-	-	12,547	1,397
Fort Cobb Senior Citizen Sales Tax	2,061	13,034	-	-	11,934	3,161
Hinton Senior Citizen Sales Tax	45,040	13,034	-	-	20,835	37,239
Health Sales Tax	3,568	14,219	-	-	12,400	5,387
Emergency Reserve Fund Sales Tax	60,000	-	-	-	-	60,000
Ambulance Service Fund Sales Tax	19,538	284,372	-	-	280,404	23,506
Ambulance Run Fund Sales Tax	42,825	189,582	-	-	196,892	35,515
Court Clerk Oklahoma Bar Foundation 2013 Grant	9	-	-	-	-	9
Sheriff Department of Corrections	29,059	363,447	-	-	116,601	275,905
Washita River Bridge Project	56,591	-	-	-	3,150	53,441
County Bridge and Road Improvements	815,863	307,140	-	-	308,073	814,930
JAG 2015 Grant - Sheriff	-	9,992	-	-	-	9,992
BIA GR Reconstruction Project	-	1,739,217	-	-	1,739,217	-
BIA Cogar Rd Reconstruction	-	3,331,412	-	-	3,331,412	-
BIA Radio Tower	-	71,700	-	-	46,516	25,184
Remaining Aggregate Funds	1,036,869	869,550	21,968	-	939,301	989,086
Combined Total - All County Funds	\$ 8,410,191	\$ 18,376,863	\$ 1,298,838	\$ 1,276,870	\$ 18,199,845	\$ 8,609,177

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Caddo County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

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

B. Fund Accounting

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

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

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

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

County Highway T-8 – accounts for state receipts and disbursements for the purpose of maintaining roads.

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

County Use Tax – accounts for use tax collected and disbursed for the purpose of maintenance and operation of the Sheriff’s department.

Caddo County Governmental Building Authority Capital Improvement Bond – accounts for 50% of the 3/4% county sales tax collected and disbursed for bond payments.

Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations – initially set up to account for 50% of the 3/4% county sales tax collected after completion of renovations and shall be disbursed for the operations and expenses of the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses. This fund will no longer be used to account for the sales tax.

Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations – accounts for 50% of the 3/4% county sales tax collected after completion of renovations and shall be disbursed for the operations and expenses of the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses.

Caddo County Governmental Building Authority Bond Interest Maintenance and Operations – accounts for the collection of an authority acceptance fee from the Bank of Oklahoma. Disbursements are for the County Clerk’s office for maintenance and operation regarding the Caddo County Governmental Building Authority.

OSU Extension Sales Tax – accounts for monies collected from the .50% county sales tax and disbursed for OSU Extension services.

3/8 911 Sales Tax – accounts for monies collected from the 3/4% county sales tax and is expended for the maintenance and operation of the 911 center.

3/8 Sheriff Sales Tax – accounts for monies collected from the 3/4% county sales tax and is expended for the maintenance and operation of the Detention Center and other public safety services.

Sheriff Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the Sheriff’s office.

Capital Improvements Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for improvements of the courthouse.

Free Fair and Livestock Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for improvements of the County fairgrounds.

Township Fair Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for operation of the township fairs.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Rural Fire Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for maintenance and operation of the rural fire districts in the County.

Fairgrounds/Facilities Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for maintenance of the fairground facilities.

Anadarko Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the senior citizen center.

Apache Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the senior citizen center.

Binger Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Carnegie Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the senior citizen center.

Cement Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Cyril Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the senior citizen center.

Fort Cobb Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Hinton Senior Citizen Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the senior citizen center.

Health Sales Tax – accounts for a portion of the .50% county sales tax collected and disbursed for the maintenance and operation of the county health department.

Emergency Reserve Fund Sales Tax – accounts for the monies transferred for the Ambulance Service Fund Sales Tax in 2009, to be disbursed for lawsuits awarded against the County. The account must maintain a balance of \$60,000.

Ambulance Service Fund Sales Tax – accounts for the 1/4% county sales tax collected and disbursed for maintenance and operation of the county ambulance services.

Ambulance Run Fund Sales Tax – accounts for the 1/4% county sales tax collected and disbursed for maintenance and operation of the county ambulance services.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Court Clerk Oklahoma Bar Foundation 2013 Grant – accounts for funds received from the Oklahoma Bar Foundation and disbursed for court room renovations.

Sheriff Department of Corrections – accounts for collections of funding through the State Department of Corrections for housing prisoners and disbursed in accordance with state statute.

Washita River Bridge Project – accounts for funds received from Delaware Nation and expended to repair the Washita River Bridge.

County Bridge and Road Improvements – accounts for state receipts and disbursed for the purpose of county bridge and road improvements.

JAG 2015 Grant - Sheriff – accounts for the collection of grant monies to be distributed by the Sheriff's office.

BIA GR Reconstruction Project – accounts for funds received from the Bureau of Indian Affairs for county road maintenance for Gracemont Road.

BIA Cogar Rd Reconstruction – accounts for funds received from the Bureau of Indian Affairs for county road maintenance for Cogar Road.

BIA Radio Tower – accounts for funds received from the Bureau of Indian Affairs for county road maintenance for Radio Tower Road.

C. Basis of Accounting

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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."

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of 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.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

D. Sales Tax

Sales Tax of January 1, 2009

Caddo County voters approved a .50% sales tax effective January 1, 2009 which expired on January 1, 2014. On May 14, 2013, Caddo County voters approved a continuation of a 50% sales tax with a change in distribution among various entities. This sales tax became effective January 1, 2014 for the duration of 5 years, expiring on January 1, 2019. This sales tax is accounted for within the following sales tax funds and was established for the operations of said funds: County General Fund 33%; OSU Extension Fund 9%; Free Fair and Livestock Sales Tax 6%; Township Fair Sales Tax 6%; Capital Improvements Sales Tax 9%; Sheriff Sales Tax 11%; Rural Fire Sales Tax 12%; Health Sales Tax 1.5%; Senior Citizen Nutrition Centers 11%; and Fairground/Facilities Sales Tax 1.5%.

Sales Tax of August 11, 2009

On August 11, 2009, Caddo County voters approved a three-quarter of one percent (3/4%) sales tax, effective January 1, 2010 pledged toward the retirement of indebtedness incurred therefore: payment of operations and maintenance expenses related thereto; and to be used specifically for the sole purpose for the renovation, expansion, construction, and equipping the Caddo County Detention Facility, Courthouse Improvements, including additional space in the courthouse to provide a 911 dispatch center, with \$200,000 of bond proceeds to go toward the construction of a new Oklahoma State University Center for Caddo County, and operating and maintaining the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses. The Caddo County Governmental Building Authority issued \$17,170,000 Sales Tax Revenue Bonds to pay for the construction and three-eighths of one percent (3/8%) shall have a limited duration of thirty (30) years or until the principal and interest on the indebtedness is paid in full. The remaining portion 3/8% will continue until repealed by a majority of Caddo County electors. Sales Tax collections are apportioned as follows and accounted for in the following funds: 50% of 100% will go to the Caddo County Governmental Building Authority Capital Improvement Bond which is pledged toward the retirement of the indebtedness incurred, and the other 50% of 100% will go to the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations for distribution, based on the Estimate of Need approved by the Excise Board, to the 3/8 911 Sales Tax and 3/8 Sheriff Sales Tax funds.

Sales Tax of May 3, 2012

On May 3, 2012, Caddo County voters approved a continuation of a one-quarter of one percent (1/4%) sales tax, effective June 1, 2012 expiring May 31, 2017, for the sole purpose of

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

acquiring, continuing, equipping, repairing, renovating, operating, maintaining, and advancing ground ambulance services. These funds are accounted for in the Ambulance Service Fund Sales Tax and the Ambulance Run Fund Sales Tax.

E. Tax Abatements

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

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

The County had \$249,492 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2017.

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

F. Interfund Transfers

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

- \$21,968 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131(C).
- \$159,000 was transferred from Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund to Sales Tax 3/8 911 fund for 50% of previous years budgeted monies.
- \$1,117,870 was transferred from Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund to 3/8 Sheriff Sales Tax fund for 50% of previous years budgeted monies.

OTHER SUPPLEMENTARY INFORMATION

CADDO 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, 2017

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,023,196	\$ 1,026,208	\$ 3,012
Less: Prior Year Outstanding Warrants	(44,159)	(44,159)	-
Less: Prior Year Encumbrances	(8,974)	(6,497)	2,477
Beginning Cash Balances, Budgetary Basis	<u>970,063</u>	<u>975,552</u>	<u>5,489</u>
Receipts:			
Ad Valorem Taxes	1,588,431	1,680,308	91,877
Charges for Services	100,000	299,394	199,394
County Sales Tax	-	312,810	312,810
Intergovernmental Revenues	153,334	280,243	126,909
Miscellaneous Revenues	-	135,745	135,745
Total Receipts, Budgetary Basis	<u>1,841,765</u>	<u>2,708,500</u>	<u>866,735</u>
Expenditures:			
County Sheriff	705,580	696,085	9,495
County Treasurer	233,172	232,739	433
County Clerk	211,450	192,708	18,742
Court Clerk	287,912	277,635	10,277
County Assessor	214,322	213,318	1,004
Revaluation of Real Property	305,424	291,485	13,939
Juvenile Shelter Bureau	102,345	96,338	6,007
General Government	78,384	76,362	2,022
Excise-Equalization Board	2,711	2,657	54
County Election Board	97,513	88,075	9,438
Detention Center	556,088	556,056	32
County Audit Budget Account	17,063	17,063	-
Total Expenditures, Budgetary Basis	<u>2,811,964</u>	<u>2,740,521</u>	<u>71,443</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ (136)</u>	943,531	<u>\$ 943,667</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		135	
Add: Current Year Outstanding Warrants		14,865	
Add: Current Year Encumbrances		30,073	
Ending Cash Balance		<u>\$ 988,604</u>	

**CADDO 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, 2017**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 312,143	\$ 312,143	\$ -
Less: Prior Year Outstanding Warrants	(294)	(294)	-
Less: Prior Year Encumbrances	(21,440)	(17,625)	3,815
Beginning Cash Balances, Budgetary Basis	290,409	294,224	3,815
Receipts:			
Ad Valorem Taxes	158,223	172,657	14,434
Charges for Services	-	2,849	2,849
Intergovernmental Revenues	4,095	-	(4,095)
Miscellaneous Revenues	-	1,181	1,181
Total Receipts, Budgetary Basis	162,318	176,687	14,369
Expenditures:			
Health and Welfare	452,727	205,125	247,602
Total Expenditures, Budgetary Basis	452,727	205,125	247,602
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	265,786	\$ 265,786
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		42,110	
Add: Current Year Outstanding Warrants		73	
Ending Cash Balance		\$ 307,969	

CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Beginning					Ending
	Cash Balances	Receipts	Transfers	Transfers	Disbursements	Cash Balances
	July 1, 2016	Apportioned	In	Out	Disbursements	June 30, 2017
Remaining Aggregate Funds:						
Resale Property	\$ 281,483	\$ 140,398	\$ 21,968	\$ -	\$ 140,304	\$ 303,545
CED Circuit Engineering	19,379	60,000	-	-	66,775	12,604
Cash County Treasurer	27,097	3,890	-	-	4,139	26,848
Cash County Clerk	133,201	76,700	-	-	66,449	143,452
Cash County Assessor	205	-	-	-	-	205
Assessor Revolving	13,764	7,497	-	-	-	21,261
Sheriff State Criminal Alien Assistance Program (SCAAP) Grant	289	-	-	-	-	289
Sheriff Drug Enforcement	2,263	-	-	-	929	1,334
Sheriff Courthouse Security	8,814	23,790	-	-	28,922	3,682
Sheriff Recovery Justice Assistance Grant	33	-	-	-	-	33
Sheriff Special Response Team	2,027	-	-	-	150	1,877
E-911 Association of South Central Oklahoma Governments Cellular Phones	74,179	164,065	-	-	170,864	67,380
E-911 Account	297	-	-	-	297	-
County Clerk Records Preservation	144,798	53,947	-	-	45,481	153,264
OSU Extension Support Fund	464	-	-	-	-	464
E-911-5	185,645	168,554	-	-	297,185	57,014
Emergency Management SLA	9,638	7,500	-	-	3,419	13,719
Court Clerk Cimarex Settlement	78,004	-	-	-	-	78,004
County Farm Lease	17,175	5,825	-	-	-	23,000
Local Environmental Planning Commission	3,295	6,991	-	-	3,746	6,540
Community Service Sentencing Program	152	-	-	-	-	152
Civil Emergency	995	-	-	-	-	995
Veterans Statue	751	-	-	-	-	751
Reward Fund	200	-	-	-	-	200
Fair Board Awards and Donations	2,345	3,850	-	-	4,637	1,558
Special Response Team Donations	50	-	-	-	-	50
Sheriff Donations	10,000	5,200	-	-	3,750	11,450
Apache Nutrition Center Building	3,619	2,602	-	-	3,256	2,965
Drug Court	14,489	6,995	-	-	2,208	19,276
Detention Center Commissary	-	19,969	-	-	-	19,969
Sheriff Canine Officer Donation	-	26,470	-	-	10,634	15,836
Court Fund Payroll	2,218	85,307	-	-	86,156	1,369
Combined Total - Remaining Aggregate Funds	\$ 1,036,869	\$ 869,550	\$ 21,968	\$ -	\$ 939,301	\$ 989,086

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. Budgetary Schedules

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

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

2. Remaining County Funds

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

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

CED Circuit Engineering – accounts for collections from the Circuit Engineering District to be disbursed for road and bridge projects.

Cash County Treasurer – accounts for the collection of fees by the Treasurer for mortgage tax certificates and disbursement of funds as restricted by state statute.

Cash County Clerk – accounts for lien fee collections and disbursements as restricted by state statute.

Cash County Assessor – accounts for the collection and disbursement of monies by the Assessor as restricted by state statute for the visual inspection program.

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

Sheriff State Criminal Alien Assistance Program (SCAAP) Grant – accounts for federal grant funds for the purpose of housing illegal alien criminals in the County jail.

Sheriff Drug Enforcement – accounts for forfeitures and disbursements for drug enforcement.

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Sheriff Courthouse Security – accounts for the collections of fees from court costs and disbursed for surveillance equipment.

Sheriff Recovery Justice Assistance Grant – accounts for the collection of grant monies to be disbursed by the Sheriff's office to deter gang related activities.

Sheriff Special Response Team – accounts for all federal grants collected and disbursed for the purpose of the Special Response Team.

E-911 Association of Southern Central Oklahoma Governments Cellular Phones – accounts for the collection of pre-paid 911 fees from the State of Oklahoma to be disbursed for operations of E-911.

E-911 Account – accounts for the collection of fees imposed on the residents within the boundaries of Caddo County from the phone company and disbursements are made to maintain an emergency telephone system.

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

OSU Extension Support Fund – accounts for collections from donations to be disbursed for operations of the OSU Extension office.

E-911-5 – accounts for monies received from telephone companies to maintain an emergency telephone system.

Emergency Management SLA – accounts for federal funds for the purpose of the County's emergency management program.

Court Clerk Cimarex Settlement – accounts for the collection from a donation to be disbursed for maintenance and operations of the Caddo County Court System.

County Farm Lease – accounts for the collection of a lease-rental from county-owned property and disbursed for maintenance of the property.

Local Environmental Planning Commission – accounts for federal funds collected and disbursed for environmental control.

Community Service Sentencing Program – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Civil Emergency – accounts for funds received from state and local governments to be disbursed for civil emergency purposes.

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Veterans Statue – accounts for donations received to restore and repair the veteran’s memorial statue.

Reward Fund – accounts for the monies collected and disbursed to citizens involved in the reporting of littering offenses.

Fair Board Awards and Donations – accounts for donations received for the disbursement of supplying buckles and awards for the free fair.

Special Response Team Donations – accounts for donations received for the disbursement of supplying the Special Response Team.

Sheriff Donations – accounts for donations received for the disbursement of maintaining Sheriff canines.

Apache Nutrition Center Building – accounts for reimbursements from the Association of County Commissioners to be disbursed for hail damages.

Drug Court – accounts for monies collected from the Oklahoma Department of Mental Health and Substance Abuse Services and disbursed for salaries of the drug court administration.

Detention Center Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

Sheriff Canine Officer Donation – accounts for the collection of donations received for the disbursement to supply a canine officer for the Sheriff’s Department.

Court Fund Payroll – accounts for monies received from the Court Clerk’s Court Fund for the disbursement of payroll to Court Fund employees.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		\$ 23,081
Total U.S. Department of Interior			<u>23,081</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Oklahoma State District Attorneys Council			
Edward Byrne Memorial Justice Assistant Grant	16.738		5,992
Total U.S. Department of Justice			<u>5,992</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Bureau of Indian Affairs			
Highway Planning and Construction	20.205	SG-1917	5,175,294
Total U.S. Department of Transportation			<u>5,175,294</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR - 1883	75,147
Emergency Management Performance Grants (EMPG)	97.042		2,363
Total U.S. Department of Homeland Security			<u>77,510</u>
Total Expenditures of Federal Awards			<u>\$ 5,281,877</u>

**CADDO COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Caddo County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprises Caddo County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 24, 2018.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2017, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Caddo County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Caddo County's internal control. Accordingly, we do not express an opinion on the effectiveness of Caddo County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2017-001, 2017-003, 2017-004, 2017-005, and 2017-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-004, 2017-005, and 2017-006

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

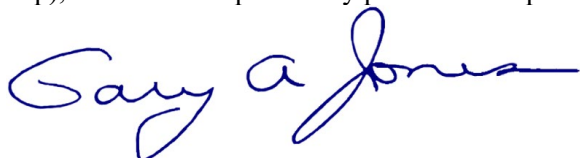
Caddo County's Responses to Findings

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

Purpose of this Report

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

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

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

May 24, 2018



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Caddo County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Caddo County's major federal program for the year ended June 30, 2017. Caddo County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caddo County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Caddo County's compliance.

Opinion on Each Major Federal Program

In our opinion, Caddo County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-017 and 2017-030. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Caddo County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Caddo County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Caddo County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-014, 2017-015, and 2017-020 to be material weaknesses.

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

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

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

May 24, 2018

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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?..... Yes
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?..... Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

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

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2017- 001 – Inadequate County-Wide Controls (Repeat Finding 2010-8, 2011-8, 2012-1, 2013-1, 2014-1, 2015-1, 2016-001)

Condition: When assessing the county-wide controls the following weaknesses were noted:

- County-wide controls regarding Risk Assessment, Information and Communication, and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address county-wide controls.

Effect of Condition: Without an adequate system of county-wide controls, there is risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends that the County design and implement procedures to identify and address risks and to ensure that information is communicated effectively. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:

Board of County Commissioners District 1, 2, and 3: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls and procedures regarding county-wide controls.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Information and Communication are vital components for an entity to achieve its objectives through the use of quality information to support the internal control system. Such quality information should be comprised of the information received from and the control structures surrounding both IT and manual systems for financial reporting purposes. Further, the entity should effectively communicate financial reporting roles and responsibilities concerning all financial reporting matters.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding 2017-003 - Inadequate Internal Controls Over the Collection and Reconciling Processes (Repeat Finding 2010-3, 2011-3, 2012-3, 2014-3, 2015-3, 2016-003)

Condition: Upon inquiry and the observation of records, within the office of the County Treasurer, the following was noted:

- Regarding the collection process, all employees work from the same cash drawer.
- Documentation did not exist to support a review of the input of ad valorem tax levies into the software system to ensure accuracy.
- The County Treasurer deleted a miscellaneous receipt from the system.
- Apportionment errors and/or transfers were not properly classified within the software system which is used to prepare the financial statement of the County.
- Although monthly reconciliations are performed between the County Treasurer's general ledger and County Clerk's appropriation ledger, the reconciliations were not accurate which caused a variance to carry forward for two fiscal years, in two different funds.

Cause of Condition: Internal controls have not been designed and implemented by the County Treasurer to maintain documentation supporting review processes that ensure accuracy of the input of ad valorem tax levies and the proper classification of apportionment errors and/or transfer of funds. Also, internal controls have not been designed and implemented by the County Treasurer and County Clerk to ensure accurate monthly reconciliations between the two offices.

Effect of Condition: These conditions resulted in unrecorded transactions, misstated financial reports, and could result in misappropriation of funds which would not be detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management's oversight of the office operations and a review of said operations while maintaining supporting documentation of designed and implemented internal controls.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

OSAI also recommends that no receipts be deleted from the software system and the classification of apportionment errors and/or transfers within the system used to compile the financial statements of the county be properly classified.

Further, OSAI recommends that the offices ensure reconciliations between the County Treasurer and County Clerk are accurate.

Management Response:

County Treasurer: We have made it our goal to achieve a fair and equal segregation of duties, so one deputy or official will not be totally responsible for several duties. Management will oversee each operation of the office, to reduce the risk of any one employee being responsible for one area of transactions. We also will not delete any miscellaneous receipts from the software system. Further, we will work to ensure the proper classification of errors and/or transfers, accurate monthly reconciliations are being performed with the County Clerk, and file the Daily Report with the County Clerk.

County Clerk: We will work to ensure accurate monthly reconciliations are being performed with the County Treasurer.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, and completeness of the County financial statements. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding 2017-004 - Inadequate Internal Controls and Noncompliance Over Sales Tax Apportionments and Transfers (Repeat Finding 2010-5, 2011-5, 2012-4, 2013-4, 2014-4, 2015-4, 2016-004)

Condition: Upon inquiry and observation of the recordkeeping process of apportioning sales tax collections, the following was noted:

- The three-quarter percent (3/4%) county sales tax was not apportioned and appropriated in accordance with the sales tax ballot.

Fund	Apportioned and Appropriated By the County	Apportionments and Appropriations As Required Per Ballot	Variance
Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations	\$710,931	\$ -	\$710,931

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Fund	Apportioned and Appropriated By the County	Apportionments and Appropriations As Required Per Ballot	Variance
3/8 Sheriff Sales Tax and 3/8 911 Sales Tax	\$ -	\$710,931	(\$710,931)

- The County transferred funds from the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund in the amount of \$1,276,870 to the 3/8 911 Sales Tax fund and the 3/8 Sheriff Sales Tax Fund in the amounts of \$159,000 and \$1,117,870, respectively. There are no statutory guidelines that allow for such transfers.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with the sales tax ballot and state statutes 68 O.S. § 1370E and 68 O.S. § 3021.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Sales tax was not apportioned in accordance with the sales tax ballot.

Recommendation: OSAI recommends that the sales tax collections be apportioned in accordance with the sales tax ballot as approved by the voters of the County in accordance with 68 O.S. § 1370E. Additionally, we further recommend that policies and procedures be designed and implemented to ensure transfers are made in accordance with 19 O.S. § 3021.

Management Response:

Chairman of the Board of County Commissioners: We will take the finding under consideration and research the available options. As far as the three-quarters percent sales tax, this is how we were told by the bond attorneys and previous auditors to set the sales tax up. We will discuss this matter and look into apportioning the sales tax into the appropriate funds.

County Clerk: I will do what is instructed to me by the Board of County Commissioners.

County Treasurer: I will do what is instructed to me by the Board of County Commissioners.

Criteria: Effective internal controls require that management properly implement procedures to ensure compliance with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Title 68 O.S. § 3021 states in part, “Fourth: If at any time during the budget year it appears to the county treasurer that there is temporarily insufficient money in a particular fund to meet the requirements of appropriation in the fund, the excise board,.... may temporarily transfer from one fund to any other fund with the permission of the county officer in charge of the fund that the money will be temporarily transferred from... Any funds temporarily transferred shall be repaid to the original fund from which they were transferred within the fiscal year that the finds were transferred.”

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Finding 2017-005 – Inadequate Internal Controls and Noncompliance Over the Disbursement and Payroll Processes (Repeat Finding 2010-2, 2011-2, 2012-5, 2013-5, 2014-5, 2015-5, 2016-005)

Condition: Upon inquiry and observation of the payroll disbursement process, we noted the duties of processing payroll are not adequately segregated. The Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports.

Further, we noted the following weaknesses with regards to the disbursement process:

- The County Treasurer registered warrants as payable even though funds were not available to pay the warrants, which resulted in a negative fund balance on the general ledger.
- The names of the County Clerk and the Chairman of the Board are printed on all warrants and these warrants are not initialed by the Official.

In addition, the audit of seventy (70) disbursements, reflected the following:

- Four (4) were not supported by adequate documentation.
- Ten (10) were not authorized/approved by the County Clerk/Deputy.
- Nine (9) were not timely encumbered.

Cause of Condition: Policies and procedures have not been designed over the disbursement process to strengthen internal controls and ensure compliance with state statute.

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

Recommendation: OSAI recommends management be aware of these conditions and determine if accounting functions over disbursements can be adequately 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, OSAI recommends that the County Treasurer verify that funds are available prior to registering warrants and that all warrants that are printed with the County Commissioner and Clerk's facsimile signature be initialed by the Official.

In addition, OSAI recommends all disbursements have proper supporting documentation and must be encumbered prior to receiving goods in accordance with 19 O.S. § 1505.

Management Response:

Chairman, Board of County Commissioners: The Board of County Commissioners will express to fellow County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services in accordance with Oklahoma Statutes. Also, we will work toward having all warrants be initialed

**CADDO COUNTY, OKLAHOMA
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by the County Clerk and Chairman of the Board. We will work towards ensuring all purchases have proper supporting documentation and have been reviewed and approved by signing.

County Clerk: We will ensure that all warrants are initialed by the County Clerk. We will also ensure all purchases have proper supporting documentation. Further, we will work to improve segregation of duties regarding the processing of payroll.

County Treasurer: We will work to ensure that funds are available prior to registering all warrants.

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 disbursement calculations and/or transactions.

Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505.

Finding 2017-006 - Inadequate Internal Controls and Noncompliance Over Disbursement of County Sales Tax (Repeat Finding 2015-6, 2016-006)

Condition: Upon inquiry and observation of the recordkeeping process of collecting and expending county sales tax, the following was noted:

- The sales tax appropriations and expenditures were not discretely presented within the County General Fund. The County apportioned \$312,809 in sales tax collections to the County General Fund during the fiscal year ended June 30, 2017. Since the sales tax collections were commingled with other sources of revenue, we could neither determine how much sales tax was expended with other sources of revenue, we could neither determine how much sales tax was expended or determine if the sales tax was expended in accordance with the sales tax ballot.
- County sales tax collections for ambulance providers are paid to the four (4) emergency medical service districts based on the number of runs made each month. There is no documentation as to how sales tax is expended. Therefore, we were unable to determine if the sales tax was expended in accordance with the sales tax ballot.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with AG Opinions and 68 O.S. § 1370E.

Effect of Condition: These conditions resulted in noncompliance with the AG Opinions and state statute.

Recommendation: OSAI recommends that the County sales tax apportioned to the County General Fund be accounted for in a separate account so as to discretely present the expenditures. In addition, the sales tax should be expended in such a manner to provide assurance that expenditures are made in accordance with the purposes specified by the ballot as outlined by 68 O.S. § 1370E.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Management Response:

Chairman of the Board of County Commissioners, County Clerk, and County Treasurer: We will have the budget maker establish separate accounts within the County General Fund to account for sales tax expenditures made within the County General Fund. We will also work with the four EMS Districts to ensure that sales tax is expended in accordance with the ballot.

Criteria: Title 68 O.S. § 1370E, requires the sales tax collections be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Further, AG opinion 2005 OK AG 23 dated 07/13/2005 states:

3. Proceeds of a county sales tax voted for a specific purpose but placed in the county's general fund must be accounted for as a discrete fund, and any surplus not needed for the stated purpose during one fiscal year must be transferred to the county budget for the next fiscal year, for the same specified purpose."

Additionally, AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; 68 O.S. 2011, § 1370; 19 O.S. Supp. 2013, § 339; 19.

SECTION 3—Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2017-014 - Inadequate County-Wide Controls Over Major Federal Programs – BIA (Repeat Finding 2013-14, 2014-14, 2015-15)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: A15AC00121, A16AC00056, and A16AC11154

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Performance of Federal Funds; Procurement and Suspension and Debarment; and Reporting

QUESTIONED COSTS: \$-0-

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Condition: County-wide controls regarding Control Environment, Risk Assessment, and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County complies with grant requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements.

Recommendation: OSAI recommends that the County design and implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

Board of County Commissioners District 1, 2, and 3: We will work to implement a risk management plan. We will implement controls to help make sure we comply with all grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure that employees have the current and correct compliance supplement to work from. Furthermore, we will work with the County Treasurer and County Clerk's office to ensure that all checks and balances are done correctly.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Control Environment, Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

Control environment is the foundation for all other components of internal control. When management believes that internal controls are important to meeting its goals and objectives and communicates this belief to its employees at all levels, internal controls are more likely to be functioning well. However, if management views internal controls as unrelated to achieving its goals and objectives, or even as an obstacle, it is almost a certainty that this attitude will be held by all employees, despite official statements or policies to the contrary. This understanding by management of the importance of internal controls and the communication of this importance to its employees are key elements of the control environment.

Risk assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then must formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding 2017-015 - Inadequate Internal Controls Over Major Federal Programs – BIA (Repeat Finding 2013-15, 2014-15, 2015-15)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: A15AC00121, A16AC00056, and A16AC11154

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Performance of Federal Funds; Procurement and Suspension and Debarment; and Reporting

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Caddo County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Performance of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal compliance requirements.

Effect of Condition: This condition resulted in noncompliance to grant requirements and could lead to a loss of federal funds to the County.

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

Management Response:

Board of County Commissioners District 1, 2, and 3: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Caddo County receives to ensure that proper internal controls are implemented.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Criteria: Title 2 *CFR* § 200.303(a) *Internal Controls* reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Further, accountability and stewardship should be overall goals in management’s accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

Finding 2017-017 - Noncompliance with Reporting Over Federal Grant (Repeat Finding 2013-17, 2014-17, 2015-17)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: A15AC00121, A16AC00056, and A16AC11154

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

Condition: There was no documentation to support compliance with project reporting requirements as outlined within the cooperative agreement that the County notified the BIA and Tribe of bid opening dates and all pre-award conferences in writing.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal reporting requirements are made in accordance with the federal compliance requirements and cooperative agreements.

Effect of Condition: This condition resulted in noncompliance with Federal Grant requirements.

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

Management Response:

Board of County Commissioners District 1, 2, and 3: The Board of County Commissioners are taking measures to ensure future compliance with the all reporting requirements concerning all cooperative agreements with the Bureau of Indian Affairs.

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Criteria: Title 2 *CFR* § 200.303 *Internal Controls (a)(b)* reads as follows:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Further, page 4 of the Cooperative agreement between the Caddo County Board of County Commissioners and the Bureau of Indian Affairs requires the County to notify the Bureau of Indian Affairs and Tribe of bid opening dates and all pre-award conferences in writing.

Finding 2017-020 - Inadequate Internal Controls Over Schedule of Expenditures of Federal Awards (Repeat Finding 2009-10, 2010-10, 2011-10, 2016-020)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: A15AC00121, A16AC00056, and A16AC11154

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Performance of Federal Funds; Procurement and Suspension and Debarment; and Reporting

QUESTIONED COSTS: \$-0-

Condition: During our audit, we identified federal programs that were not listed accurately on the County’s Schedule of Expenditures of Federal Awards (SEFA). Federal expenditures were overstated by \$85,775, and federal receipts were understated by \$277,407.

Cause of Condition: Internal controls over the SEFA have not been designed and implemented to ensure accurate reporting of expenditures for federal awards.

Effect of Condition: Lack of internal controls over federal program expenditures could lead to erroneous reporting and/or a material misstatement of the County’s SEFA, and increases the potential for material noncompliance.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Recommendation: OSAI recommends county officials and department heads gain an understanding of federal programs awarded to Caddo County. Internal control procedures should be designed and implemented to ensure accurate reporting of expenditures on the SEFA.

Further, OSAI recommends county officials and department heads gain an understanding of requirements for federal programs and implement internal control procedures to ensure compliance with federal requirements.

Management Response:

Board of County Commissioners District 1, 2, and 3: The BOCC will work to design and implement internal controls, and to ensure accurate reporting of expenditures on the SEFA and ensure compliance with federal requirements over federal awards.

Criteria: Title 2 CFR 200 § 510 (a)(b) Financial Statements, reads as follows:

- (a) *Financial statements.* The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements must be for the same organizational unit and fiscal year that is chosen to meet the requirements of this part. However, non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with §200.514 Scope of audit, paragraph (a) and prepare separate financial statements.
- (b) *Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. [...]

Finding 2017-030 - Noncompliance with Procurement and Suspension and Debarment Over Federal Grant

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: A15AC00121, A16AC00056, and A16AC11154

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Procurement and Suspension and Debarment

QUESTIONED COSTS: \$214,795

Condition: In testing expenditures, the following was noted:

- The County does not review whether vendors are suspended or debarred.
- One (1) instance was noted where the project was not properly bid in accordance with statute.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with county purchasing laws and applicable compliance requirements.

Effect of Condition: This condition resulted in noncompliance with federal grant requirements and state statutes..

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

OSAI further recommends that the county comply with 61 O.S. § 101-138 and 69 O.S. § 601.6 by implementing procedures to ensure that all construction projects are bid, all documentation of the bid is retained, and BOCC notice given in accordance with state statutes.

Management Response:

Board of County Commissioners District 1, 2, and 3: The Board of County Commissioners is taking measures to ensure future compliance with the all procurement requirements of federal grants.

Criteria: Title 2 *CFR* § 200.213 reads as follows:

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 *CFR* part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Title 2 *CFR* § 200.318 (a), *General procurement standards*, reads as follows:

a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
[...]

Title 61 O.S. § 103(A) states, “Unless otherwise provided by law, all public construction contracts exceeding Fifty Thousand Dollars (\$50,000) shall be let and awarded to the lowest responsible bidder, by open competitive bidding after solicitation for sealed bids, in accordance with the provisions of the Public Competitive Bidding Act of 1974. No work shall be commenced until a written contract is executed and all required bonds and insurance have been provided by the contractor to the awarding public agency.

Title 61 O.S. § 113(A) states that, “Except as otherwise provided by law, within the period of time, not to exceed sixty (60) days, specified in the bid notice by the awarding public agency, a contract embodying the terms set forth in the bidding documents shall be executed by the awarding public agency and the successful bidder. No bidder shall obtain any property right in a contract awarded under the provisions of the Public Competitive Bidding Act of 1974 until the contract has been fully executed by both the bidder and the awarding public agency.”

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Title 69 O.S. § 601.6 states, “The board of county commissioners in every county in this state must notify the Department of Transportation at least twenty-one (21) days prior to accepting bids on any publicly let road or bridge work projects in the county. The Department shall make this information available to the public on their website.”

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 2017-010 – Inadequate Segregation of Duties Over the Court Clerk Disbursement Processes (Repeat Finding)

Condition: Upon inquiry and observation of records, with regards to the collection and disbursement processes of the Court Fund and the Court Clerk Revolving Fund, we noted the following:

- With regards to the Court Fund and Court Clerk Revolving Fund disbursement processes, the Court Clerk performs the duties of requisitioning, preparing vouchers, calculating amounts to other agencies, receiving goods and services, signing vouchers, and mailing or delivering vouchers to vendors.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to internal controls over all aspects of the collection and disbursement processes of Court Fund and Court Clerk Revolving Fund.

Effect of Condition: These conditions could result in unrecorded transactions, misappropriation of funds, or clerical errors that are not detected in a timely manner.

Recommendation: OSAI recommends that the duties of the disbursement process be adequately segregated regarding requisitioning, receiving goods and services, issuing vouchers, and mailing or delivering vouchers to vendors.

Management Response:

Court Clerk: We will work to have another employee help in the process of the Court Fund and Court Clerk Revolving Fund expenditure processes.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Effective internal controls are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include proper documentation to support all claims.

Finding 2017-011 – Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories (Repeat Finding)

Condition: Upon inquiry and observation of fixed asset inventory items, we noted in the offices of the County Clerk and County Sheriff, one individual is responsible for maintaining inventory records and performing the annual fixed asset count. Further, documentation of the inventory count for the office of the County Sheriff is not filed with the County Clerk in accordance with state statutes.

Upon inquiry and observation of consumable inventory, the following was noted:

- District 1 did not have documentation of the performance of a monthly physical consumable inventory count.
- District 2 does not reconcile fuel but instead relies solely on the pump which generates fuel logs.

Cause of Condition: Policies and procedures have not been adequately designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets and consumable inventory items.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets. Additionally, when consumable inventory items are not adequately documented, the opportunity for the misappropriation and undetected errors, could result.

Recommendation: OSAI recommends the County Officers implement internal controls to ensure compliance with 19 O.S. §§ 178.1, 178.2, regarding fixed assets and consumable inventory records. These controls would include that all offices:

- Retain documentation to verify that physical inventory counts were performed.
- Inventory counts should be performed by someone other than the receiving officer or inventory officer.
- Annual fixed asset inventory to be filed with the County Clerk.
- Perform a monthly consumable inventory count.
- Reconcile fuel usage on a weekly basis.

Management Response:

County Clerk: The County Clerk will work to segregate the annual review duty and inventory control duty.

County Sheriff: The County Sheriff will work to segregate the annual review duty and inventory control duty. Further, we will maintain documentation of a physical inventory count and file a copy with the County Clerk.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

District 1 County Commissioner: We will work to maintain documentation of a monthly physical count of consumable inventory.

District 2 County Commissioner: We will work to begin performing fuel reconciliations and we will work to count consumable inventory monthly.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Title 19 O.S. § 178.1 which requires the board of county commissioners to take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county which cost more than Five Hundred Dollars (\$500.00).

Title 19 O.S. § 178.2 states in part, "...It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the county clerk."

Finding 2017-013 – Inadequate Internal Controls and Noncompliance Over Bids (Repeat Finding)

Condition: Upon testwork of the SEFA, it was noted that bid 2016-5 was awarded in March 2016 and the work on the road project was started in April 2016; however, the purchase order was not encumbered until July 2016. Also, the County Commissioner determined that additional road work needed to be done in the same general area as the bid work was being done; therefore, he paid the vendor an additional \$214,794.94 more than the approved bid for the same vendor to perform the work without bidding this additional work. The vendor stated that "we finished the Gracemont road under the original bid. At that time we were told that BIA had more money that they would like to spend in this area so we overlaid an additional quarter mile of road that was not in the original bid". In addition, this bid was not time date and stamped, and there was no written contract between the vendor and the County. Further, there was no documentation maintained that the Board of County Commissioners gave notice to the Department of Transportation at least 21 days prior to accepting the bids on the road work.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with the Public Competitive Bidding Act of 1974.

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

Recommendation: OSAI recommends the County comply with 61 O.S. § 101-138 and 69 O.S. § 601.6 by implementing procedures to ensure that all construction projects are bid, all documentation of the bid is retained, and BOCC notice is given in accordance with state statutes.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Management Response:

Chairman of the BOCC: The Board of County Commissioners were not aware a 21-day notice to the Department of Transportation was required. Also, the Board will work to have contracts in place between the County and vendor on future projects. Further, the additional work the contractor did on this bid was performed due to the additional work being the same price per mile as the original bid specs and the cost of mobilization fees to bid out the additional work. If this situation arises in the future, the Board will go out for bid for any additional work to be performed.

County Clerk: We will make sure that the Commissioners follow bidding procedures.

Criteria: Effective internal controls require that management properly implement procedures to ensure construction projects comply with 61 O.S. § 103 - 138 and 69 O.S. § 601.6.

Title 61 O.S. § 103A states, “Unless otherwise provided by law, all public construction contracts exceeding Fifty Thousand Dollars (\$50,000.00) shall be let and awarded to the lowest responsible bidder, by open competitive bidding after solicitation for sealed bids, in accordance with the provisions of the Public Competitive Bidding Act of 1974. No work shall be commenced until a written contract is executed and all required bonds and insurance have been provided by the contractor to the awarding public agency.”

Title 61 O.S. § 113A states that, “Except as otherwise provided by law, within the period of time, not to exceed sixty (60) days, specified in the bid notice by the awarding public agency, a contract embodying the terms set forth in the bidding documents shall be executed by the awarding public agency and the successful bidder. No bidder shall obtain any property right in a contract awarded under the provisions of the Public Competitive Bidding Act of 1974 until the contract has been fully executed by both the bidder and the awarding public agency.”

Title 69 O.S. § 601.6 states, “The board of county commissioners in every county in this state must notify the Department of Transportation at least twenty-one (21) days prior to accepting bids on any publicly let road or bridge work projects in the county. The Department shall make this information available to the public on their website.”

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

Board of County Commissioners

CADDO COUNTY COURTHOUSE

Post Office Box 1427 • Anadarko, Oklahoma 73005

Telephone: 405/247-3105

BENNY BOWLING
District I
LOOKEBA BARN
405/457-6373

RANDY McLEMORE
District II
ANADARKO BARN
405/247-5321

BRENT KINDER
District III
CARNEGIE BARN
580/654-2294

Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2017

Finding No.	Title (Financial) or CFDA Number and Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Inadequate County-Wide Controls	The Board of County Commissioners will work with all County Officials to assess and identify risks for the purpose of designing written county-wide controls.	7-1-18	Benny Bowling, BOCC Chairman
2017-003	Inadequate Internal Controls Over the Collection and Reconciling Processes	We have made it our goal to achieve a fair and equal segregation of duties, so one deputy or official will not be totally responsible for several duties. Management will oversee each operation of the office, to reduce the risk of any one employee being responsible for one area of transactions. We also will not delete any miscellaneous receipts from the software system. Further, we will work to ensure accurate monthly reconciliations are being performed.	7-1-18	Benny Bowling, BOCC Chairman
2017-004	Inadequate Internal Controls and Noncompliance Over Sales Tax Apportionments and Transfers	The Board of County Commissioners will take the finding under consideration and research the available options. As far as the three-quarters percent sales tax, this is how we were told by the bond attorneys to set the sales tax up. We will discuss this matter and look into apportioning the sales tax into the appropriate funds.	7-1-18	Benny Bowling, BOCC Chairman

**CADDO COUNTY
CORRECTIVE ACTION PLAN [PBC]
FYE 6-30-2017**

Finding No.	Title (Financial) or CFDA Number and Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-005	Inadequate Internal Controls and Noncompliance Over the Disbursement and Payroll Processes	The Board of County Commissioners will express to fellow County officials the importance of County funds being encumbered prior to the receipt of goods and/or services in accordance with Oklahoma Statutes. Also, we will ensure that funds are available prior to any warrants being registered as well as have all warrants be initialed by the County Clerk and Chairman of the Board. We will work towards ensuring all purchases have proper supporting documentation and have been reviewed and approved by signing. Further, we will work to improve segregation of duties in regards to payroll.	7-1-18	Benny Bowling, BOCC Chairman
2017-006	Inadequate Internal Controls and Noncompliance Over Disbursement of County Sales Tax	The Board of County Commissioners will have the budget maker establish separate accounts within the County General Fund to account for sales tax expenditures made within the County General Fund.	7-1-18	Benny Bowling, BOCC Chairman
2017-014	20.205 Highway Planning and Construction	The Board of County Commissioners will work to implement a risk management plan. We will implement controls to help make sure we comply with all grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure that employees have the current and correct compliance supplement to work from. Furthermore, we will work with the County Treasurer and County Clerk's office to ensure that all checks and balances are done correctly.	7-1-18	Benny Bowling, BOCC Chairman

**CADDO COUNTY
CORRECTIVE ACTION PLAN [PBC]
FYE 6-30-2017**

Finding No.	Title (Financial) or CFDA Number and Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-015	20.205 Highway Planning and Construction	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Caddo County receives to ensure that proper internal controls are implemented.	7-1-18	Benny Bowling, BOCC Chairman
2017-017	20.205 Highway Planning and Construction	The Board of County Commissioners are taking measures to ensure future compliance with the all reporting requirements concerning all cooperative agreements with the Bureau of Indian Affairs.	7-1-18	Benny Bowling, BOCC Chairman
2017-020	20.205 Highway Planning and Construction	The BOCC will work to design and implement internal controls, and to ensure accurate reporting of expenditures on the Schedule of Federal Awards (SEFA) and ensure compliance with federal requirements over federal awards.	7-1-18	Benny Bowling, BOCC Chairman
2017-030	20.205 Highway Planning and Construction	The Board of County Commissioners is taking measures to ensure future compliance with the all procurement requirements of federal grants.	7-1-18	Benny Bowling, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

Board of County Commissioners

CADDO COUNTY COURTHOUSE

Post Office Box 1427 • Anadarko, Oklahoma 73005

Telephone: 405/247-3105

BENNY BOWLING

District I

LOOKEBA BARN

405/457-6373

RANDY McLEMORE

District II

ANADARKO BARN

405/247-5321

BRENT KINDER

District III

CARNEGIE BARN

580/654-2294

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2017

FINANCIAL AUDIT FINDINGS

Finding 2010-8, 2011-8, 2012-1, 2013-1, 2014-1, 2015-1, 2016-001

Inadequate County-Wide Controls and Disaster Recovery Plan

Finding Summary: When assessing the county-wide controls the following weaknesses were noted:

- County management has not designed and implemented internal controls regarding Risk Assessment and Monitoring.
- District 1, District 2, and the Court Clerk have not designed a Disaster Recovery Plan over information systems operating within each office.

Status: Partially corrected. The noted offices do have a disaster recovery plan. However, no corrective action taken regarding county-wide controls. This finding has been reoccurring as we work on how to design and incorporate County Wide Controls into our written County Handbook as well as perform risk assessment in quarterly officer meetings.

Finding 2010-3, 2011-3, 2012-3, 2013-3, 2014-3, 2015-3, 2016-003

Inadequate Internal Controls Over the Collection Process, Bank Reconciliations, Classification of Transfers, Pledged Collateral, and Daily Reports and Noncompliance with State Statute

Finding Summary: Upon inquiry and the observation of records, within the office of the County Treasurer, the following was noted:

- Regarding the collection process, all employees work from the same cash drawer and documentation did not exist to support a review of the monthly apportionment of funds to collections. Further, documentation did not exist to support a review of the input of ad valorem tax levies into the software system to ensure accuracy.

CADDO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS [PBC]
FYE 6-30-2017

- Monthly bank reconciliations were not performed for three bank accounts holding county funds.
- Apportionment errors and/or transfers were not properly classified within the software system which is used to prepare the financial statement of the County.
- Daily bank balances were not monitored to ensure adequate collateral is maintained to protect against the loss of county funds.
- The daily report of county business was not filed with the County Clerk in accordance with state statute.

Status: Partially corrected, the treasurer monthly bank reconciliations are done, collateral is monitored, and daily reports are now filed with the County Clerk. However, no corrective action taken on other conditions. This has been reoccurring as the Treasurer works with limited funding and personnel to segregate duties and properly classify transfers within the software system that prepares the financial statement for the County. The Treasurer is working with software vendor to ensure that transfers are properly classified and to implement the recommendations made by the Oklahoma State Auditor.

Finding 2010-5, 2011-5, 2012-4, 2013-4, 2014-4, 2015-4, 2016-004

Inadequate Internal Controls and Noncompliance Over Sales Tax Apportionments

Finding Summary: Upon inquiry and observation of the recordkeeping process of apportioning sales tax collections, the following was noted:

- The three-quarter percent (3/4%) county sales tax was not apportioned and appropriated in accordance with the sales tax ballot.
- The County transferred funds from the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund to the 3/8 911 Sales Tax fund and the 3/8 Sheriff Sales Tax fund. There are no statutory guidelines that allow for such transfers.

Status: No corrective action taken. This finding has been reoccurring since this process was how the County was advised by the Bond attorneys to handle the sales tax. The County will work to implement the recommendations noted by the Oklahoma State Auditor's office.

CADDO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS [PBC]
FYE 6-30-2017

Finding 2010-2, 2011-2, 2012-5, 2013-5, 2014-5, 2015-5, 2016-005

Inadequate Internal Controls Over the Disbursement and Payroll Processes

Finding Summary: We noted the following weaknesses with regards to the disbursement process:

- There was no indication that purchase orders with pre-printed names of the purchasing agent and other deputies were reviewed to reduce the risk of unauthorized transactions.
- The duties of processing payroll are not adequately segregated. The Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports.

Status: No corrective action taken. This finding has been reoccurring since the County works with limited funds and personnel to segregate the duties within each office. We will work toward having all warrants be initialed by the County Clerk and Chairman of the Board. Further, we will work to improve segregation of duties regarding payroll.

Finding 2015-6, 2016-006

Inadequate Internal Controls and Noncompliance Over the Disbursement of County Sales Tax

Finding Summary: Upon inquiry and observation of the recordkeeping process of collecting and expending county sales tax, the following weaknesses were noted:

- The sales tax appropriations and expenditures were not discretely presented within the County General Fund. Since the sales tax collections were commingled with other sources of revenue, we could neither determine how much sales tax was expended nor perform a test of sales tax expenditures for the County General Fund.
- County sales tax collections for fire departments are paid directly to the twenty-one (21) fire departments which is not in accordance with County Purchasing Act.

Status: Partially corrected. Sales tax is no longer remitted directly to the fire departments but expended on purchase orders. However, no corrective action taken regarding the discrete presentation of sales tax within the County General Fund. This finding has been reoccurring due to the County not advising the budget maker on how to breakout the sales tax within the General Fund. The BOCC will work with the County budget maker and the Excise Board regarding the discrete presentation of sales tax within the General Fund.

CADDO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS [PBC]
FYE 6-30-2017

Finding 2009-10, 2010-10, 2011-10, 2016-020

Inadequate Internal Controls Over the Schedule of Expenditures in Federal Awards (SEFA)

Finding Summary: During our audit, we identified federal programs that were not listed accurately on the County's Schedule of Expenditures of Federal Awards (SEFA).

Status: No corrective action taken. This finding has been reoccurring due to the lack of training within management and the County as a whole regarding how to complete the Schedule of Expenditures in Federal Awards (SEFA). The BOCC will work to implement County wide procedures over federal awards to ensure that the SEFA accounts for all federal expenditures.

FEDERAL AUDIT FINDINGS

Finding 2013-14, 2014-14, 2015-14

Inadequate County-Wide Controls Over Major Federal Programs – BIA

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2013, 2014, 2015

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Questioned Costs: \$-0-

Finding Summary: County-wide controls regarding Control Environment, Risk Assessment, and Monitoring have not been designed.

Status: No corrective action taken. This finding has been reoccurring as we are still working on how to design and incorporate County Wide Controls into our written County Handbook as well as perform risk assessment in quarterly officer meetings. In addition, we plan to address a policy that all offices should follow concerning any federal award.

Finding 2013-15, 2014-15, 2015-15

Inadequate Internal Controls Over Major Federal Programs – BIA

Pass Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2013, 2014, 2015

CADDO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS [PBC]
FYE 6-30-2017

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Caddo County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Status: No corrective action taken. This finding has been reoccurring as we are still working on how to design and incorporate County Wide Controls over Federal Programs into our written County Handbook as well as perform risk assessment in quarterly officer meetings. In addition, we plan to address a policy that all offices should follow concerning any federal award. This policy will address the compliance requirements and applicable internal control procedures for each award.

Finding 2013-16, 2014-16, 2015-16

Noncompliance with the Davis-Bacon Act Over Federal Grants

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2013, 2014, 2015

Control Category: Davis-Bacon Act

Questioned Costs: \$3,243,119.96

Finding Summary: The Davis-Bacon Act requires that all contractors and subcontractors performing federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's Davis-Bacon wage determination for corresponding classes of laborers and mechanics employed on similar projects in the area. The following exceptions were noted regarding compliance with the Davis-Bacon Act.

Status: Corrective action has been taken on current federal awards.

Finding 2013-17, 2014-17, 2015-17

Noncompliance with Reporting Over Federal Grant

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2013, 2014, 2015, 2017

Control Category: Reporting

Questioned Costs: \$-0-

CADDO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS [PBC]
FYE 6-30-2017

Finding Summary: The following exception was noted regarding compliance with project reporting requirements as outlined within the cooperative agreement:

- District 3 – There was no documentation to support that the Bureau of Indian Affairs received written notification of bids awarded by the County.

Status: No corrective action taken. This finding has been reoccurring due to the County not maintaining documentation that written notification was sent to the Bureau of Indian Affairs. The County will send the notification by email in the future, that way documentation will be maintained as to the date the notification was sent.

Finding 2013-13, 2015-20

Inadequate Internal Controls Over Schedule of Expenditures of Federal Awards – Highway Planning and Construction

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2013, 2015, 2017

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Questioned Costs: \$-0-

Finding Summary: During our audit, we identified federal programs that were not listed accurately on the County's Schedule of Expenditures of Federal Awards (SEFA).

Status: No corrective action taken. This finding has been reoccurring due to the lack of training within management and the County as a whole regarding how to complete the Schedule of Expenditures in Federal Awards (SEFA). The BOCC will work to implement County wide procedures over federal awards to ensure that the SEFA accounts for all federal expenditures.



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