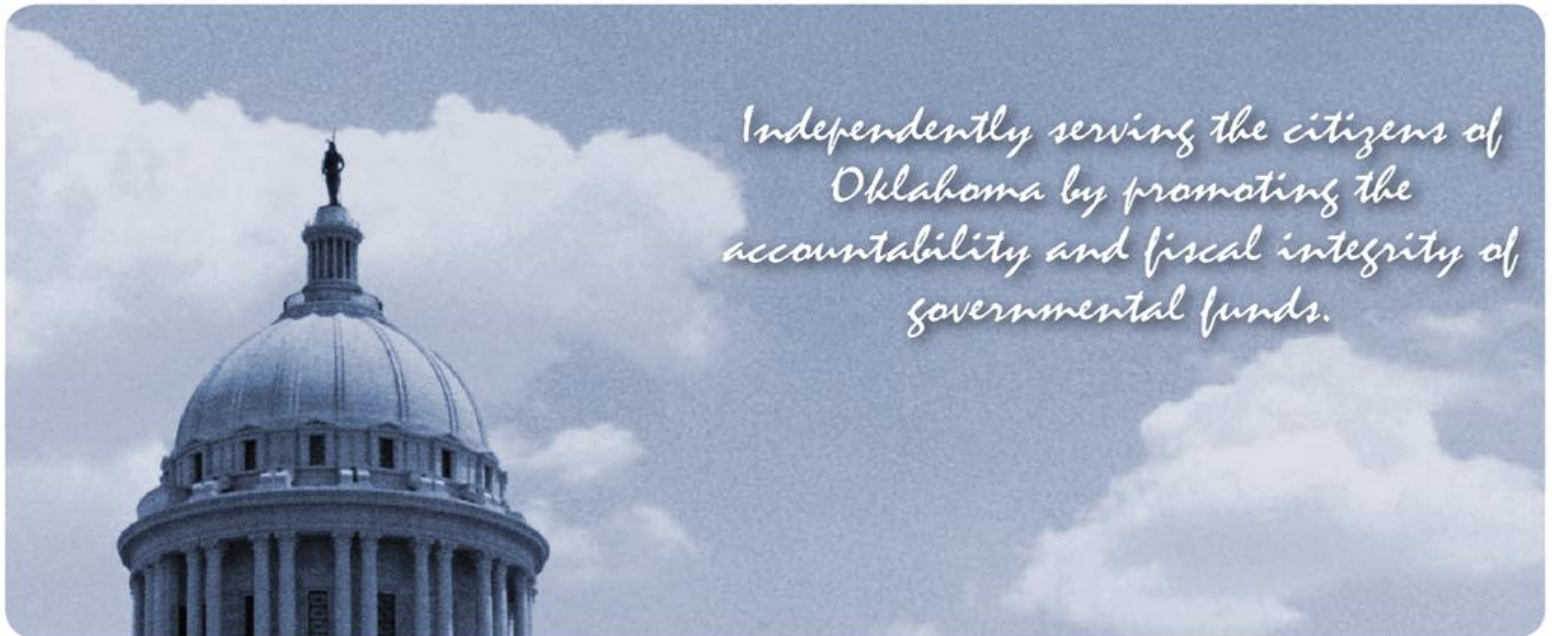


FINANCIAL AUDIT

CADDO COUNTY

For the fiscal year ended June 30, 2014



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



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

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

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



Oklahoma State Auditor & Inspector

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

December 23, 2015

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

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

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

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

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

Sincerely,

A handwritten signature in blue ink 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, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

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

FINANCIAL SECTION

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

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	14
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	15
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	16
Notes to Other Supplementary Information	17
Schedule of Expenditures of Federal Awards	20
Note to the Schedule of Expenditures of Federal Awards.....	21

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

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 22

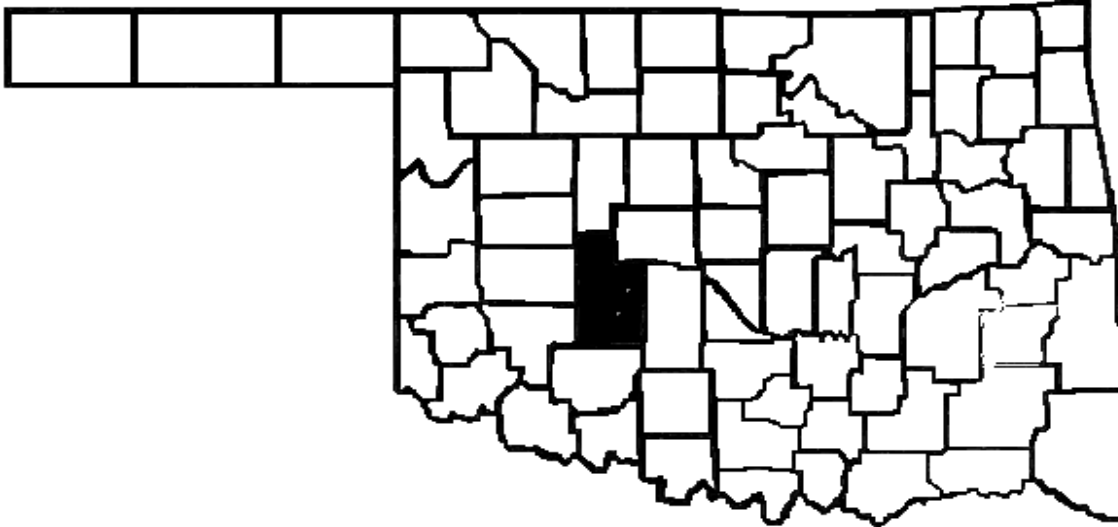
Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133 24

Schedule of Findings and Questioned Costs..... 26

Schedule of Prior Year Findings and Questioned Costs 42

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

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



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 Farmers 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 – 1290.31 Square Miles

County Population – 29,678
(2012 est.)

Farms –1,584

Land in Farms – 749,918 Acres

Primary Source: Oklahoma Almanac 2013-2014

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

Gene Cain

County Treasurer

Stan Jennings

Court Clerk

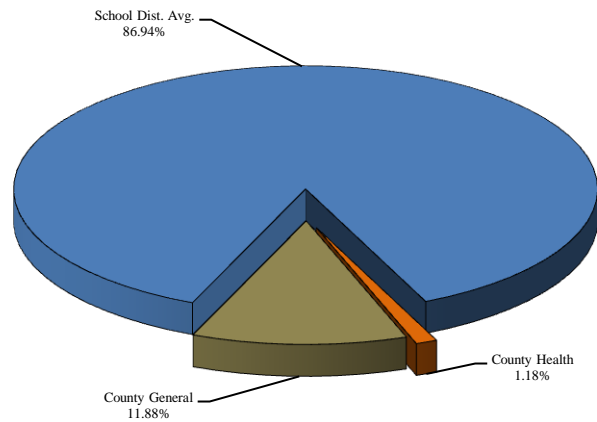
Opal Finch

District Attorney

Jason Hicks

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

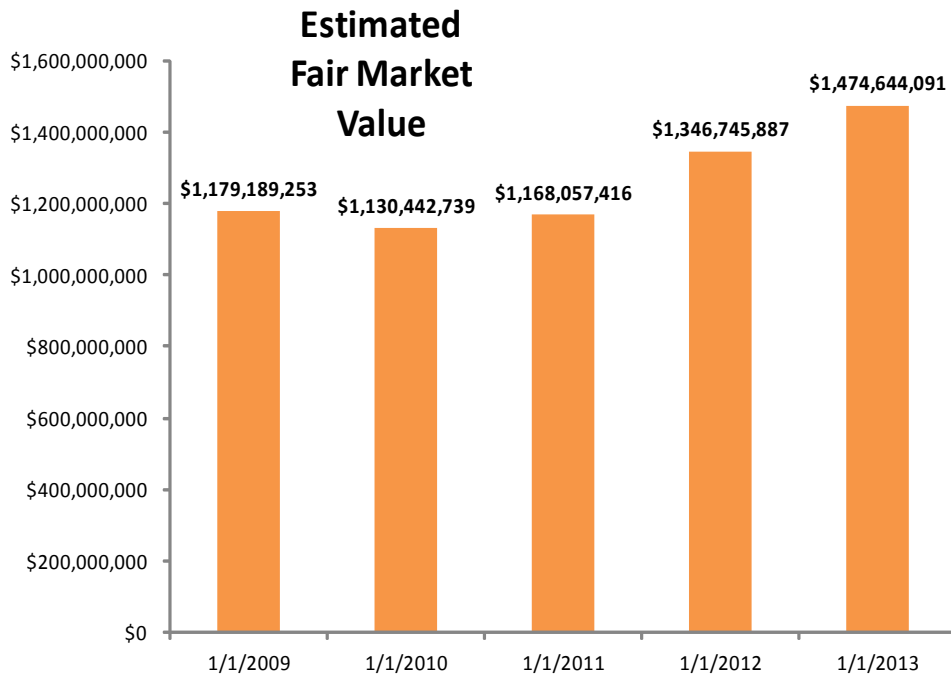
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.24								
County Health	1.02	Anadarko	I-20	35.57	5.08	16.87	11.26	4.10	72.88
		Hydro-Eakly	I-11	36.01	5.14	23.15	11.26	4.10	79.66
		Boone-Apache	I-56	35.86	5.12	14.91	11.26	4.10	71.25
<u>Other</u>		Ft Cobb-Broxton	I-167	36.26	5.18	53.38	11.26	4.10	110.18
Sugar Creek Ambulance Service (School Districts I-12, I-168, & I-161)	3.08	Lookeba-Sickles	I-12	36.32	5.19	13.99	11.26	4.10	70.86
		Binger-Oney V2	I-168	35.98	5.14	14.16	11.26	4.10	70.64
		Binger-Oney V6	I-68	35.98	5.14	14.16	15.36	4.10	74.74
		Carnegie	I-33	36.03	5.15	22.08	11.26	4.10	78.62
		Cyril	I-64	35.62	5.09	18.55	11.26	4.10	74.62
		Gracemont	I-86	36.94	5.28	9.47	11.26	4.10	67.05
		Cement	I-160	35.67	5.10	21.59	11.26	4.10	77.72
		Hinton V2	I-161	35.59	5.08	25.16	11.26	4.10	81.19
		Hinton V6	I-161	35.59	5.08	25.16	15.36	4.10	85.29
		Jt 2 Gdy V6	I-2	35.97	5.14	18.64	15.36	4.10	79.21
		Jt 11/6/9 (Com V9)	I-11	35.50	5.07	-	14.15	4.10	58.82
		Jt 9 Washita	I-9	36.48	5.21	-	9.60	4.10	55.39
		Jt 99 V2 Grady	I-99	35.66	5.09	13.51	11.26	4.10	69.62
		Jt 131 V6 Grady	I-131	35.02	5.00	12.08	15.36	4.10	71.56

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

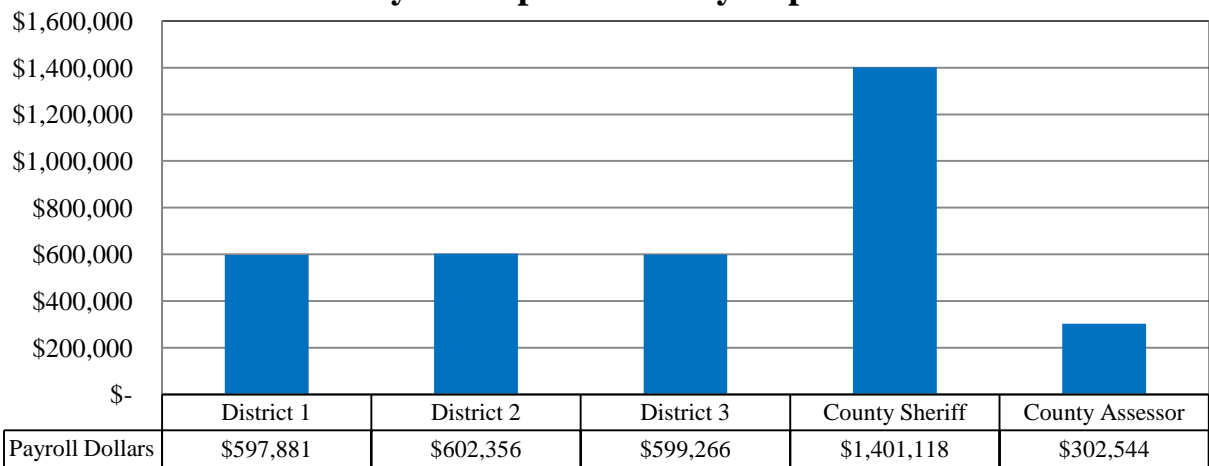
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2013	\$73,794,130	\$40,612,148	\$75,015,525	\$6,696,648	\$182,725,155	\$1,474,644,091
1/1/2012	\$60,889,775	\$39,838,924	\$73,147,945	\$6,754,378	\$167,122,266	\$1,346,745,887
1/1/2011	\$48,041,855	\$35,836,271	\$68,937,670	\$6,680,723	\$146,135,073	\$1,168,057,416
1/1/2010	\$46,334,135	\$34,856,865	\$66,801,225	\$6,635,408	\$141,356,817	\$1,130,442,739
1/1/2009	\$53,844,545	\$32,779,547	\$65,548,565	\$6,610,625	\$145,562,032	\$1,179,189,253



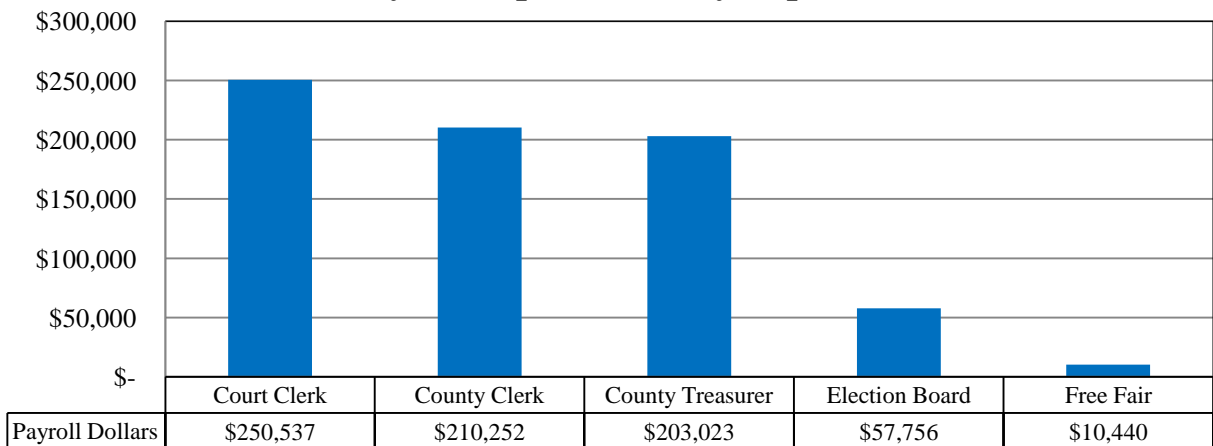
**CADDO COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Payroll Expenditures by Department



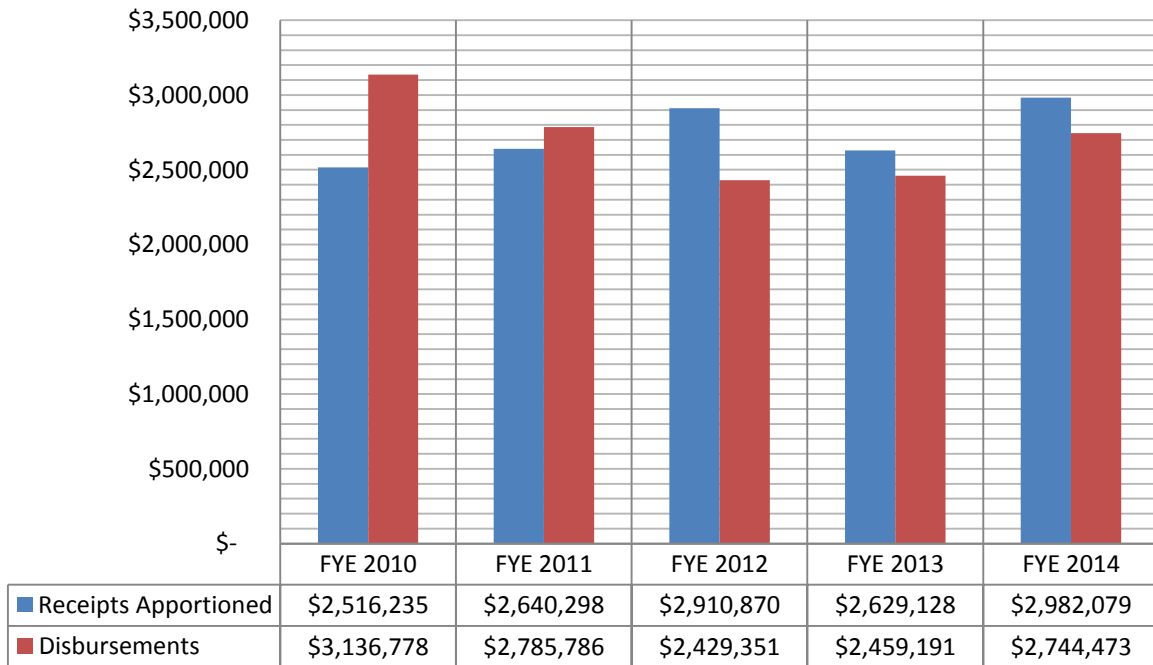
Payroll Expenditures by Department



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

County General Fund

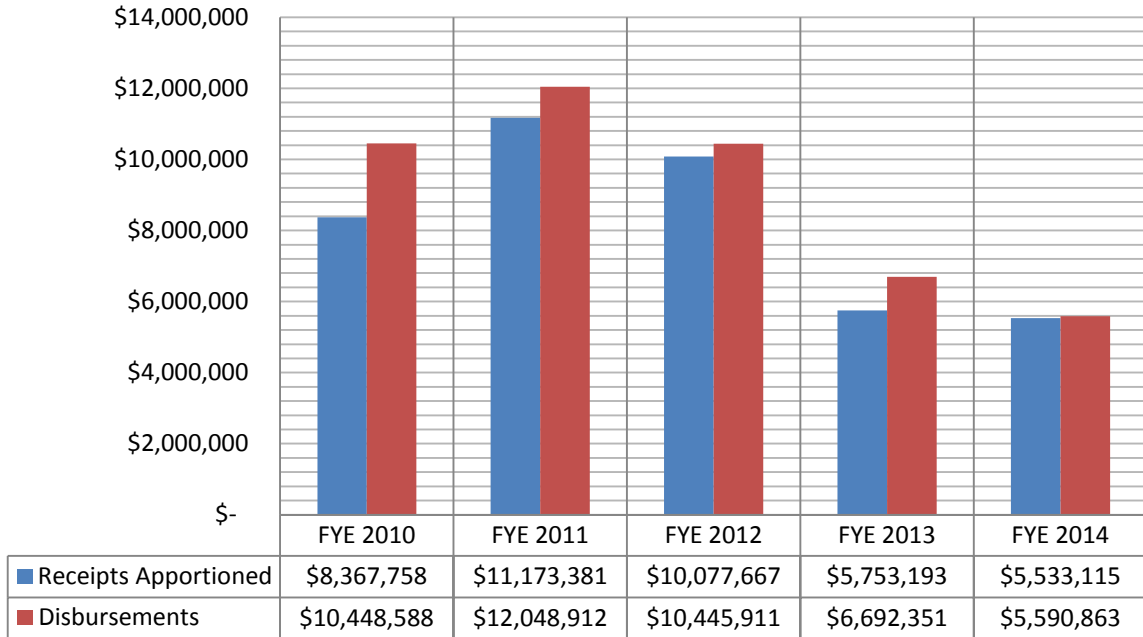
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also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



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

County Highway Fund

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



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
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, 2014, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by 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, 2014, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

December 21, 2015

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, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Combing Information:						
Major Funds:						
County General Fund	\$ 1,109,676	\$ 2,982,079	\$ -	\$ -	\$ 2,744,473	\$ 1,347,282
County Highway Cash	943,224	5,533,115	205,444	11,944	5,590,863	1,078,976
County Highway T-8	572,256	626,973	-	-	304,172	895,057
Caddo County Health Department	237,260	178,366	-	-	189,973	225,653
Sheriff Cash	239,430	188,432	-	-	136,756	291,106
County Use Tax	306,190	412,488	-	-	441,158	277,520
Sales Tax Jail/Courthouse Renovation	164,906	1,780,690	-	1,804,243	-	141,353
Caddo County Governmental Building Authority						-
Capital Improvement Bond	1,162,837	7,659	935,669	-	869,882	1,236,283
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	1,337,054	9,379	868,574	979,245	-	1,235,762
Caddo County Governmental Building Authority Bond Interest Maintenance and Operations	48,994	17,020	-	-	7,000	59,014
OSU Extension Sales Tax	95,255	113,487	-	-	150,208	58,534
3/8 911 Sales Tax	379	533	237,644	-	238,098	458
3/8 Sheriff Sales Tax	44,928	881	741,601	-	784,171	3,239
Sheriff Sales Tax	131,831	137,229	-	-	114,393	154,667
Capital Improvements Sales Tax	73,672	110,466	-	-	23,041	161,097
Free Fair and Livestock Sales Tax	80,671	89,185	-	-	118,218	51,638
Township Fair Sales Tax	43,138	77,873	-	-	80,638	40,373
Rural Fire Sales Tax	61,367	130,977	-	-	122,381	69,963
Fairgrounds/Facilities Sales Tax	55,532	18,411	-	-	29,193	44,750
Anadarko Senior Citizen Sales Tax	3,649	13,378	-	-	12,422	4,605
Apache Senior Citizen Sales Tax	29,820	13,378	-	-	26,539	16,659
Binger Senior Citizen Sales Tax	4,272	13,378	-	-	9,925	7,725
Carnegie Senior Citizen Sales Tax	14,338	14,113	-	-	21,731	6,720
Cement Senior Citizen Sales Tax	1,798	13,378	-	-	7,045	8,131
Cyril Senior Citizen Sales Tax	2,862	13,378	-	-	14,040	2,200
Fort Cobb Senior Citizen Sales Tax	1,181	13,378	-	-	11,576	2,983
Hinton Senior Citizen Sales Tax	24,213	13,378	-	-	6,013	31,578
Health Sales Tax	3,270	16,365	-	-	14,467	5,168
Emergency Reserve Fund Sales Tax	60,000	-	-	-	-	60,000
Ambulance Service Fund Sales Tax	32,981	356,138	-	-	354,275	34,844
Ambulance Run Fund Sales Tax	44,999	237,425	-	-	224,005	58,419
Grandstand Sales Tax	4,455	-	-	-	800	3,655
Community Development Block Grant Rural Economic Action Plan 2010 Baldwin	1,494	-	-	-	810	684
BIA Hatchetville Rd #6602	-	908,260	-	-	908,260	-
BIA Whitfield Rd	205,447	-	-	205,444	-	3
National Criminal History Improvement Program 2012 Grant	-	21,428	-	21,428	-	-
Court Clerk Oklahoma Bar Foundation 2013 Grant	-	8,696	-	-	-	8,696
Community Development Block Grant Capital Improvement Plan Caddo	-	27,250	-	-	27,250	-
Rural Economic Action Plan 2014 Green Acres	-	45,000	-	-	45,000	-
Sheriff Department of Corrections	141,892	511,117	21,428	-	524,430	150,007
Remaining Aggregate Funds	1,441,916	1,130,080	24,173	-	1,079,405	1,516,764
Combined Total - All County Funds (As Restated)	\$ 8,729,151	\$ 15,784,761	\$ 3,034,533	\$ 3,022,304	\$ 15,232,611	\$ 9,293,530

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, 2014**

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 Cash – 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, 2014**

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

Sales Tax Jail/Courthouse Renovation – accounts for the $\frac{3}{4}$ % county sales tax collected and disbursed to the Capital Improvement Bond fund, the Caddo County Governmental Building Authority Operations and Expense Renovation Maintenance and Operations fund, and the newly created Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operation fund.

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

Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations – accounts for 50% of the $\frac{3}{4}$ % county sales tax collected and disbursed for operations and expenses of the courthouse and jail while under renovation.

Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations – accounts for 50% of the $\frac{3}{4}$ % 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 $\frac{1}{2}$ % county sales tax and is disbursed for OSU Extension services. This account has been subsequently established to be used solely for sales tax collections.

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

$\frac{3}{8}$ Sheriff Sales Tax – accounts for monies collected from the $\frac{3}{4}$ % 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 monies collected from the $\frac{1}{2}$ % county sales tax and is disbursed for the Sheriff’s office.

Capital Improvements Sales Tax – accounts for monies collected from the $\frac{1}{2}$ % county sales tax and is disbursed for improvements of the courthouse.

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

Free Fair and Livestock Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for improvements of the County fairgrounds.

Township Fair Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the operation of the township fairs.

Rural Fire Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for maintenance and operation of the rural fire districts in the County.

Fairgrounds/Facilities Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for maintenance of the fairground facilities.

Anadarko Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Apache Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Binger Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Carnegie Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Cement Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Cyril Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Fort Cobb Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Hinton Senior Citizen Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the senior citizen center.

Health Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for the maintenance and operation of the county health department.

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

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

Ambulance Service Fund Sales Tax – accounts for the ¼% county sales tax collected and disbursed for maintenance and operation of the county ambulance services.

Ambulance Run Fund Sales Tax – accounts for the ¼% county sales tax collected and disbursed for maintenance and operation of the county ambulance services.

Grandstand Sales Tax – accounts for monies collected from the ½% county sales tax and is disbursed for improvements of the County grandstands.

Community Development Block Grant Rural Economic Action Plan 2010 Baldwin – accounts for state grant funds for the capital improvement of the Baldwin Building located at the fairgrounds that was destroyed by a tornado.

BIA Hatchetville Rd #6602 – accounts for funds received from the Bureau of Indian Affairs for county road maintenance for Hatchetville Road.

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

National Criminal History Improvement Program 2012 Grant – accounts for funds received from the District Attorneys Council and disbursed for a fingerprinting machine for the Sheriff's department.

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

Community Development Block Grant Capital Improvement Plan Caddo – accounts for funds received from state grants and disbursed for a five year inventory plan.

Rural Economic Action Plan 2014 Green Acres – accounts for funds received from state grants and disbursed for fire trucks.

Sheriff Department of Corrections – accounts for collections of funding through the State Department of Corrections for housing prisoners.

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.

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

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.

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.

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

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."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

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

C. Contingent Liabilities

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

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

D. Sales Tax

Caddo County voters approved a one-half of one percent (1/2%) sales tax effective January 1, 2009 which expired on January 1, 2014. On May 14, 2013, Caddo County voters approved a continuation of a one-half of one percent (1/2%) 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:

	<u>7/1/13 – 1/1/14</u>	<u>1/1/14 – 6/30/14</u>
• County General Fund	34.00%	33.00%
• OSU Extension Sales Tax	10.00%	9.00%
• Free Fair and Livestock Sales Tax	7.00%	6.00%
• Township Fair Sales Tax	7.00%	6.00%
• Capital Improvements Sales Tax	9.50%	9.00%
• Sheriff Sales Tax	12.00%	11.00%
• Rural Fire Sales Tax	10.00%	12.00%
• Health Sales Tax	1.00%	1.50%
• Senior Citizen Nutrition Centers	7.00%	11.00%
• Fairground/Facilities Sales Tax	1.50%	1.50%
• To pay for the collection of said tax	1.00%	-

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 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.

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

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 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 Extension 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. These funds should have been apportioned and appropriated to the Caddo County Governmental Building Authority Capital Improvement Bond fund, the 3/8 911 Sales Tax fund, and the 3/8 Sheriff Sales Tax fund.

E. Interfund Transfers

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

- \$205,444 was transferred from BIA Whitfield Rd to the County Highway Cash fund for the reimbursement of expenditures for a BIA project.
- \$1,804,243 was transferred from the Sales Tax Jail/Courthouse Renovation fund, \$935,669 went to the Caddo County Governmental Building Authority Capital Improvement Bond fund to make the bond payment to Bank of Oklahoma, and \$868,574 went to the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund to be held until needed for expenses relating to the jail and courthouse renovation.
- \$979,245 was transferred from the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund, \$237,644 went into the 3/8 911 Sales Tax fund for the maintenance and operations of the emergency 911 department, and \$741,601 was transferred into the 3/8 Sheriff Sales Tax fund for the maintenance and operations of the Sheriff's department.
- \$24,173 was transferred from the Excess Resale Fund (a trust and agency fund) into the Resale Property fund in accordance with 68 O.S. § 3131(C).
- \$21,428 was transferred from the National Criminal History Improvement Program 2012 Grant fund to the Sheriff Department of Corrections fund for reimbursement of expenditures related to the grant.
- \$11,944 was transferred from the County Highway Cash fund to the Emergency and Transportation Revolving fund (a Trust and Agency Fund) for repayment of funds.

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

F. Restatement of Ending Balances

The ending Combined County funds balance on the financial statement for the fiscal year ending June 30, 2013, was overstated in total by the amount of \$242. The misstatement resulted from an error in the reporting of the Caddo County Financial Statement. The following funds are reported as follows for the beginning balances for July 1, 2013.

Prior year ending balance, as reported	\$8,729,393
Restatement of the following County funds:	
Sheriff Cash fund	(79)
Free Fair and Livestock Sales Tax fund	(80)
Sheriff Department of Corrections fund	(79)
E-911 – 5 fund	<u>(4)</u>
Prior year ending balance, as restated	<u>\$8,729,151</u>

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, 2014

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,109,677	\$ 1,109,676	\$ (1)
Less: Prior Year Outstanding Warrants	(45,007)	(45,007)	-
Less: Prior Year Reserves	(24,990)	(21,625)	3,365
Beginning Cash Balances, Budgetary Basis	<u>1,039,680</u>	<u>1,043,044</u>	<u>3,364</u>
Receipts:			
Ad Valorem Taxes	1,701,005	1,720,446	19,441
Charges for Services	125,274	208,058	82,784
Intergovernmental Revenues	34,255	904,577	870,322
Miscellaneous Revenues	-	148,998	148,998
Total Receipts, Budgetary Basis	<u>1,860,534</u>	<u>2,982,079</u>	<u>1,121,545</u>
Expenditures:			
County Sheriff	862,480	765,210	97,270
County Treasurer	273,561	270,705	2,856
County Clerk	260,183	259,785	398
Court Clerk	316,316	316,315	1
County Assessor	255,999	249,074	6,925
Revaluation of Real Property	292,185	288,771	3,414
Juvenile Shelter Bureau	62,333	50,909	11,424
General Government	141,280	111,555	29,725
Excise - Equalization Board	2,681	2,619	62
County Election Expense	93,245	84,022	9,223
Jail	304,966	304,934	32
County Audit Budget Account	34,985	34,985	-
Total Expenditures, Budgetary Basis	<u>2,900,214</u>	<u>2,738,884</u>	<u>161,330</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	1,286,239	<u>\$ 1,286,239</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		55,890	
Add: Current Year Reserves		5,153	
Ending Cash Balance		<u>\$ 1,347,282</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, 2014**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 237,260	\$ 237,260	\$ -
Less: Prior Year Outstanding Warrants	(753)	(754)	(1)
Less: Prior Year Reserves	(49,787)	(46,679)	3,108
Beginning Cash Balances, Budgetary Basis	186,720	189,827	3,107
Receipts:			
Ad Valorem Taxes	169,436	175,569	6,133
Charges for Services	2,579	2,775	196
Miscellaneous Revenues	-	22	22
Total Receipts, Budgetary Basis	172,015	178,366	6,351
Expenditures:			
Health and Welfare	358,735	147,941	210,794
Total Expenditures, Budgetary Basis	358,735	147,941	210,794
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	220,252	\$ 220,252
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		1,802	
Add: Current Year Outstanding Warrants		3,599	
Ending Cash Balance		\$ 225,653	

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, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:						
Credit Card Tax Payments	\$ 18	\$ 41	\$ -	\$ -	\$ 41	\$ 18
Caddo County Education Facilities Authority	27,155	18,255	-	-	2,100	43,310
Resale Property	142,250	136,519	24,173	-	108,129	194,813
CED Circuit Engineering	40,121	59,954	-	-	36,577	63,498
County Bridge and Road Improvements	357,500	448,673	-	-	366,667	439,506
Cash County Treasurer	31,256	3,875	-	-	6,240	28,891
Cash County Clerk	62,926	39,614	-	-	19,182	83,358
Cash County Assessor	205	-	-	-	-	205
Assessor Revolving	8,961	4,070	-	-	45	12,986
Sheriff State Criminal Alien Assistance Program (SCAAP) Grant	1,572	979	-	-	634	1,917
Sheriff Drug Enforcement	8,538	-	-	-	1,906	6,632
Sheriff Courthouse Security	20,001	15,544	-	-	15,036	20,509
Sheriff Recovery Justice Assistance Grant	33	-	-	-	-	33
Sheriff Special Response Team	8,464	1,000	-	-	2,585	6,879
E - 911 Association of South Central Oklahoma Governments Cellular Phones	143,777	121,689	-	-	36,834	228,632
E - 911 Account	19,149	-	-	-	9,740	9,409
County Clerk Records Preservation	128,694	57,937	-	-	47,169	139,462
OSU Extension Support Fund	800	-	-	-	336	464
E-911 - 5	396,120	209,244	-	-	417,182	188,182
Emergency Management SLA	4,714	12,686	-	-	9,002	8,398
Court Clerk Cimarex Settlement	26,711	-	-	-	-	26,711
County Farm Lease	5,725	-	-	-	-	5,725
Local Environmental Planning Commission	3,355	-	-	-	-	3,355
Community Service Sentencing Program	152	-	-	-	-	152
Civil Emergency	995	-	-	-	-	995
Veterans Statue	751	-	-	-	-	751
Reward Fund	200	-	-	-	-	200
Hazard Mitigation Plan	1,773	-	-	-	-	1,773
Combined Total - Remaining Aggregate Funds	\$ 1,441,916	\$ 1,130,080	\$ 24,173	\$ -	\$ 1,079,405	\$ 1,516,764

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

1. Budgetary Schedules

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

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

2. Remaining County Funds

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

Credit Card Tax Payments – accounts for collections of tax payments made by credit cards.

Caddo County Educational Facilities Authority – accounts for collections from school districts to be disbursed for the operations of the Caddo County Educational Facilities Authority.

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 CED District to be disbursed for road and bridge projects.

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

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

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

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 disbursed for drug enforcement.

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

Sheriff Recovery Justice Assistance Grant – accounts for the collection of grant monies to be distributed by the County Sheriff's office in deterring 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 South 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 telephone company and to be disbursed for maintaining 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 court order to be disbursed for maintenance and operations of the Caddo County Court System.

County Farm Lease – accounts for the collections from a lease-rental from county-owned property.

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

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.

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.

Hazard Mitigation Plan – accounts for the reimbursement of funds from FEMA by the Oklahoma Department of Emergency Management.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14812	\$ 27,250
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14123	810
Total U.S. Department of Housing and Urban Development			<u>28,060</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payment in Lieu of Taxes	15.226		22,431
Total U.S. Department of Interior			<u>22,431</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
State Criminal Alien Assistance Program	16.606		634
Passed Through District Attorney Council:			
National Criminal History Improvement Program (NCHIP)	16.554		21,428
Total U.S. Department of Justice			<u>22,062</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Bureau of Indian Affairs:			
Highway Planning and Construction	20.205		908,260
Total U.S. Department of Transportation			<u>908,260</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-1718, DR-1883	153,095
Emergency Management Performance Grants	97.042		9,002
Total U.S. Department of Homeland Security			<u>162,097</u>
Total Expenditures of Federal Awards			<u>\$ 1,142,910</u>

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

Basis of Presentation

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

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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

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

TO THE OFFICERS OF
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, 2014, which comprises Caddo County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 21, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2014, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered 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 and significant deficiencies.

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: 2014-1, 2014-3, 2014-4, 2014-5, and 2014-6.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 2014-13.

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 2014-4 and 2014-6.

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 it the responses.

Purpose of this Report

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

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



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

December 21, 2015



Oklahoma State Auditor & Inspector

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

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

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on Compliance for Each Major Program

We have audited the compliance of Caddo County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Caddo County's major federal program for the year ended June 30, 2014. 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

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

Auditor's Responsibility

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

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

As described in items 2014-16 and 2014-17, in the accompanying schedule of findings and questioned costs, Caddo County did not comply with requirements regarding the Davis-Bacon Act and Reporting requirements that are applicable to its Highway Planning and Construction program. Compliance with such requirements is necessary, in our opinion, for Caddo County to comply with the requirements applicable to that program.

Opinion on Each Major Federal Program

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

Internal Control Over Compliance

Management of Caddo County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Caddo County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 2014-14 and 2014-15 to be material weaknesses.

Other Matters

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

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



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

December 21, 2015

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? Yes

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: Qualified

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

Identification of Major Programs

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

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

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

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

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

Finding 2014-1 – Inadequate County Wide Controls (Repeat Finding)

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

Cause of Condition: Policies and procedures have not been designed to address risks of the County.

Effect of Condition: This condition 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 procedures to identify and address risks. 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:

BOCC Chairman, County Clerk, and County Treasurer: We are aware of this condition and will work toward assessing and identifying risks to design written 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 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.

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.

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

Finding 2014-3 – Inadequate Segregation of Duties Over the Collection Process and Bank Reconciliations (Repeat Finding)

Condition: The County Treasurer has segregated the duties of preparing/reviewing deposits and performing bank reconciliations; however, the employees who perform these duties also issue receipts and prepare journal entries. In addition, all employees work from the same cash drawer.

In the review of testwork, it was noted their bank account is not being reconciled, bank reconciliation items, such as deposits in transits and outstanding warrants, are not clearly identifiable, and there is no documentation that an independent review is performed.

Cause of Condition: Internal controls have not been designed and implemented regarding segregation of duties.

Effect of Condition: A single person having responsibility for more than one area of recording authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that a concentration of 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 office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that one employee is unable to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

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.

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

Finding 2014-4 – Inadequate Internal Controls and Noncompliance Over Sales Tax Apportionments (Repeat Finding)

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

- There is no independent oversight of the calculation of sales tax collections that is presented for appropriation by the County Treasurer to the County Clerk.

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

- The three-quarter percent (¾%) county sales tax was not apportioned and appropriated in accordance with the sales tax ballot. The following exceptions were noted:

Fund	Apportioned and Appropriated By the County	Apportionments and Appropriations As Required Per Ballot	Variance
Sales Tax Jail/Courthouse Renovation	\$1,780,690	-	\$1,780,690
Caddo County Governmental Building Authority Capital Improvement Bond	-	\$890,345	(\$890,345)
3/8 Sheriff Sales Tax and 3/8 911 Sales Tax	-	\$890,345	(\$890,345)

- The County collected \$1,780,690 and apportioned and appropriated all proceeds for this tax into the Sales Tax Jail/Courthouse Renovation fund and then transferred 50% of the funds to the Caddo County Governmental Building Authority Capital Improvement Bond fund and 50% into the Caddo County Governmental Building Authority Gross Revenue Operation and Expense Maintenance and Operations fund. The funds transferred into the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund were then transferred into 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.

Cause of Condition: Policies and procedures have not been designed and implemented to have someone review the calculation of sales tax apportionments for accuracy and to ensure compliance with the sales tax ballot. Further, procedures have not been designed to ensure compliance with 68 O.S. § 1370.E and 68 O.S. § 3021.

Effect of Condition: Sales tax was not appropriated in accordance with sales tax ballot(s), which resulted in noncompliance with state statute.

Recommendation: OSAI recommends that an employee recalculate the apportionment of sales tax collections that is presented for appropriation by the County Treasurer to the County Clerk. The employee should initial and date the recalculation. OSAI also recommends that the sales tax collections be apportioned in accordance with the sales tax ballot as approved by the voters of the County. We further recommend that transfers between funds comply with Title 68 O.S. § 3021.

Management Response:

County Commissioner District 1, 2, and 3: 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. This has now been corrected; this sales tax is now apportioned into the appropriate funds.

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

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

County Treasurer: A recalculation of sales tax collections will be performed. Further, 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, “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 funds were transferred.”

Finding 2014-5 – Inadequate Internal Controls Over the Disbursement and Payroll Processes (Repeat Finding)

Condition: We noted the following weaknesses with regards to the disbursement and payroll processes:

- The Purchasing Agent solely performs key duties with no independent verification of accuracy.
- The Purchasing Agent encumbers funds, verifies availability of encumbrance, prints the purchase orders, verifies supporting documentation, initiates payments for claims, and prints warrants.
- The County Clerk reconciles the appropriation ledger and warrants registered to the County Treasurer monthly; however, there is no verification of an independent review maintained.
- 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.

The audit of fifty-eight (58) disbursements revealed the following:

- One (1) instance was noted in which the disbursement was not properly encumbered.
- Three (3) instances were noted in which the purchase order did not have adequate supporting documentation (i.e. receiving reports and invoices).

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

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

Recommendation: 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 approve accounting functions.

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

OSAI also recommends the following key account functions of the payroll process be adequately segregated:

- Posting new hires and/or making payroll changes to the payroll system,
- Maintaining personnel files, and
- Preparing end of month payroll reports.

Additionally, OSAI recommends disbursements of County funds be supported with invoices and receiving reports in accordance with 19 O.S. §1505E.

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of county funds should be supported with invoices and receiving reports.

Management Response:

BOCC Chairman – Purchase orders will have proper documents attached and be properly encumbered or a letter from our legal counsel will be obtained prior to BOCC approval of purchase orders. This will be corrected and all expenditures will be made on purchase orders with proper documentation attached.

County Clerk – Compensating controls over payroll will be implemented. The key payroll processes will be separated where possible. All reviews will be documented and dated. To become more compliant with the statutes, I will send out a memo to all entities to ensure that proper procedures are followed when purchasing. Receiving reports, purchase orders being encumbered initially, requisitioning and receiving officers, have all been stressed in following proper procedures. All purchase orders that do not comply with purchasing guidelines will be marked as *“Does not comply with purchasing guidelines”* prior to being submitted to the BOCC for approval. This will be corrected and all expenditures will be made on purchase orders with proper documentation attached.

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/payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

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

Finding 2014-6 – Inadequate Internal Controls and Noncompliance Over the Disbursements of County Sales Tax

Condition: 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. The County apportioned \$398,397 in sales tax collections to the County General Fund during the fiscal year ended June 30, 2014. 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.

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

- County sales tax collections for ambulance runs, ambulance services, and fire departments are paid directly to the six (6) cities and towns and twenty-one (21) fire departments which is not in accordance with the County Purchasing Act.

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

Effect of Condition: These conditions have resulted in nonconformity with the AG Opinions and the intent of the County sales tax statute.

Recommendation: OSAI recommends that the County sales tax apportioned to the County General Fund be accounted for in 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 Title 68 O.S. § 1370E.

Further, OSAI recommends the County comply with state statute which requires that funds be expended on purchase orders approved by the Board of County Commissioners.

Management Response:

BOCC Chairman: The sales tax will no longer be remitted on purchase orders. This will be corrected and all expenditures will be made on purchase orders with proper documentation attached. 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.

County Clerk: Fire departments now request reimbursement of expenditures from the County to support disbursements of sales tax funds. Documentation is filed with the County Clerk and disbursements are approved by the BOCC for the reimbursement of sales tax funds to the fire departments. There has not been a change as to how sales tax funds are disbursed to cities/towns. I will work with the Board of County Commissioners and the budget maker to set up the sales tax accounts within the County General Fund.

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, §

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

1370; 19 O.S. Supp. 2013, § 339; 19 O.S. 2011, § 345; Cavin v. Bd. of County Comm'rs, 1934 OK 245 ¶ 11, 33 P.2d 477, 479.

Finding 2014-13 – Written Disaster Recovery Plan

Condition: A written Disaster Recovery Plan has not been designed and implemented for the offices of County Clerk, County Sheriff, County Assessor, Court Clerk, District 1, and District 3.

Cause of Condition: A formal, written Disaster Recovery Plan with regard to the accounting and records has not been designed due to the County being unaware for the need of such a procedure.

Effect of Condition: The failure to have a current formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster. The lack of a formal plan could cause significant problems in ensuring county business could continue uninterrupted.

Recommendation: OSAI recommends that each office develop a Disaster Recovery Plan that addresses how critical information and systems within their offices would be restored in the event of a disaster. The Plan should include the following:

- Current names, addresses, contact numbers of key county personnel and their roles and responsibilities of information services function.
- Listing of contracted service providers.
- Information on location of key resources, including back-up site for recovery operating system, application, data files, operating manuals and program/system/user documentation.
- Alternative work locations once IT resources are available.

Criteria: An important aspect of internal controls is the safeguarding of assets which includes adequate Disaster Recovery Plans. 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 in a County being unable to function in the event of a disaster. Disaster Recovery Plan(s) are an integral part of county operations to ensure that business can be continued as usual in the event of a disaster. Each office or the county as a whole should have a current, detailed Disaster Recovery Plan on file and should be aware of its content.

According to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support 4), information services function management should ensure that a written Disaster Recovery Plan is documented and contains guidelines and instructions for the County to follow in the event of a disaster.

Management Response:

County Sheriff: We are aware of the condition and will work toward the design of a Disaster Recovery Plan.

County Clerk: We are aware of the condition and are working toward the design of a Disaster Recovery Plan.

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

County Assessor: We are aware of the condition and will work toward the design of a Disaster Recovery Plan.

Court Clerk: We are aware of the condition and will work toward the design of a Disaster Recovery Plan.

County Commissioner District 1: We are aware of the condition and will work toward the design of a Disaster Recovery Plan.

County Commissioner District 3: We are aware of the condition and will work toward the design of a Disaster Recovery Plan.

SECTION 3— Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Finding 2014-14 – Inadequate County-Wide Controls Over Major Federal Program – BIA (Repeat Finding)

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: 2014

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-

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 to ensure the County is in compliance with grant requirements.

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

Recommendation: OSAI recommends that the County 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 are in compliance 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.

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

Criteria: Internal controls are 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.

The 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 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 of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

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 2014-15 – Inadequate Internal Controls over Major Federal Program – BIA (Repeat Finding)

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: 2014

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-

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

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

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.

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.

Criteria: *OMB A-133, Subpart C, §___.300(b)* reads as follows:

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

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 2014-16 – Noncompliance with Davis-Bacon Act (Repeat Finding)

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: 2014

CONTROL CATEGORY: Davis-Bacon Act

QUESTIONED COSTS: \$908,259.67

Condition: The Davis-Bacon Act requires that all contractors and subcontractors performing on 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.

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

- District 3 – 2 of the 2 expenditures made, did not have documentation that the County complied with the Davis-Bacon Act, resulting in questioned costs of \$908,259.67.

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 loss of federal funds to the County.

Recommendation: We recommend the County obtain and monitor certified payroll reports from the contractors to ensure compliance with the Davis-Bacon Act.

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 Davis-Bacon Act.

Criteria: *OMB A-133, Subpart C, §__.300(b)* reads as follows:

Subpart C—Auditees

§__.300 Auditee responsibilities.

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

Finding 2014-17 – Noncompliance with Reporting Over the Federal Grant (Repeat Finding)

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: 2014

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

Condition: The following exceptions were noted regarding compliance with project reporting requirements as outlined within the cooperative agreement(s):

- District 3 – 2 of the 2 expenditures made, did not have documentation that the Bureau of Indian Affairs received written notification of bids.

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

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

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

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.

Criteria: *OMB A-133, Subpart C, §__.300(a)* reads as follows:

Subpart C—Auditees

§__.300 Auditee responsibilities.

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they are received. Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

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.

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 2014–10 – Inadequate Internal Controls Over the Court Clerk Collection and Disbursement Processes (Repeat Finding)

Condition: Upon inquiry and the 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 disbursement process, the Court Clerk performs the duties of requisitioning, receiving goods and services, issuing vouchers, and mailing or delivering vouchers to vendors.
- With regards to the Court Clerk Revolving Fund disbursement process, one employee is responsible for the duties of preparing vouchers, calculating amounts to other agencies, signing vouchers, and mailing or distributing vouchers for refunds.
- In the audit of twenty-five (25) voided receipts the following was reflected:
 - Eight (8) voided receipts were not properly marked void.

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.

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

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner. Additionally, 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.

OSAI recommends management take the necessary steps to provide for an accurate accounting of District Court receipts by ensuring that original receipts are properly marked as void.

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. Also, we will work to make sure that all voided receipts are properly marked void, as well as have an explanation for the void.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of property, and record transactions.

Effective internal controls are necessary to ensure stewardship and accountability of public funds. Aspects of effective accounting procedures include marking original receipts as voided, as well as voiding the receipt in the computer.

Finding 2014-11 – Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories (Repeat Finding)

Condition: Upon inquiry and observation of fixed assets inventory, we noted annual physical fixed assets inventory verifications were not performed by County Clerk, County Treasurer, Court Clerk, Highway District 1, or Highway District 3.

Although, the County Assessor performs an annual physical fixed assets inventory count verification, evidence was not retained to support the internal control.

Upon and inquiry and observation of consumable inventories, we noted the following:

District 1:

- A monthly count of consumable items is not performed.
- In the review of 5 consumable items, we noted discrepancies between actual items on hand compared to items on stock record which are as follows:

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

Item	On Record	Actual Item Count	Variance
Bridge Boards	75 boards	61 boards	(14 boards)
Angle Iron 3x3	4 pieces	8 pieces	4 pieces
Decking	12 boards	0	(12 boards)

District 3:

- Although a monthly physical count of consumable inventories is performed, evidence of such review is not retained to support the internal control.

Cause of Condition: Policies and procedures have not been designed and implemented by county officers for the accurate reporting of fixed assets and consumable inventories, as well as procedures to ensure compliance with state statutes.

Effect of Condition: When fixed assets are not monitored opportunities for misuse or loss of equipment can occur. Additionally, when consumable inventory items are not adequately documented the opportunity for the misuse or loss of items could result.

Recommendation: OSAI recommends that management implement a system of internal controls to ensure compliance with 69 O.S. § 645, 19 O.S. § 1502(A)(1), and 19 O.S. § 1502(B)(1). Further, yearly counts of fixed asset items should be filed with the County Clerk.

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 69 O.S. § 645, all county owned, rented, or leased road machinery or equipment be clearly and visibly marked “Property Of...”

Title 19 O.S. § 1502(A)(1), which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

Title 19 O.S. § 1502(B)(1) which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance for roads and bridges.

Management’s Response:

County Assessor: We will maintain documentation of the physical inventory counts and file a copy with the County Clerk.

County Clerk: We will maintain documentation of the physical inventory counts.

County Treasurer: We will maintain documentation of the physical inventory counts and file a copy with the County Clerk.

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

Court Clerk: We will maintain documentation of the physical inventory counts and file a copy with the County Clerk.

County Commissioner District 1: We will maintain documentation of the physical inventory and file the list with the County Clerk. We will also work to implement a system of internal controls over the consumable inventories.

County Commissioner District 3: We will maintain documentation of the physical inventory and file the list with the County Clerk. We will maintain documentation of the periodic consumable inventory count.

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

Finding 2012-11 - Inadequate County-Wide Controls Over Major Federal Programs – BIA (Repeat Finding)

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: 2012

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 Risk Management and Monitoring have not been designed.

Status: No corrective action taken.

Finding 2012-12 - Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

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: 2012

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: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

Status: This has been corrected, no findings of this nature noted in current year.

Finding 2012-13 – Inadequate Internal Controls over Major Federal Programs– BIA (Repeat Finding)

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: 2012

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.

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

Finding 2012-14 – Noncompliance with Davis-Bacon Act

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: 2012

Control Category: Davis-Bacon Act

Questioned Costs: \$2,969,558.65

Finding Summary: The County did not have documentation of compliance with the Davis-Bacon Act.

Status: No corrective action taken.

Finding 2012-15 – Noncompliance with Reporting 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: 2012

Control Category: Reporting

Questioned Costs: \$-0-

Finding Summary: The County did not comply with reporting requirements of the cooperative agreement.

Status: No corrective action taken.

Finding 2013-13 - Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

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

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: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

Status: This has been corrected, no findings of this nature noted in current year.

Finding 2013-14 - Inadequate County-Wide Controls Over Major Federal Programs – BIA (Repeat Finding)

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

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

Federal Award Year: 2013

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 Risk Management and Monitoring have not been designed.

Status: No corrective action taken.

Finding 2013-15 – Inadequate Internal Controls over Major Federal Programs– BIA (Repeat Finding)

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

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.

Finding 2013-16 – Noncompliance with Davis-Bacon Act (Repeat Finding)

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

Control Category: Davis-Bacon Act

Questioned Costs: \$525,219.43

Finding Summary: The County did not have documentation of compliance with the Davis-Bacon Act.

Status: No corrective action taken.

Finding 2013-17 – Noncompliance with Reporting Over Federal Grants (Repeat Finding)

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

Control Category: Reporting

Questioned Costs: \$-0-

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

Finding Summary: The County did not comply with reporting requirements of the cooperative agreement.

Status: No corrective action taken.

Finding 2013-18 – Inadequate County-Wide Controls Over Major Federal Programs – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1718, DR-1754, DR-1883

Federal Award Year: 2013

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

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

Status: The federal program was not determined as a major program based on the expenditures for 2014; however, no corrective action was taken by management. This was also reported as a material weakness as audit finding 2010-12 in the audit of the fiscal year ending June 30, 2010.

Finding 2013-19 – Inadequate Internal Controls over Major Federal Programs – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1718, DR-1754, DR-1883

Federal Award Year: 2013

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

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; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions.

Status: The federal program was not determined as a major program based on the expenditures for 2014; however, no corrective action was taken by management.



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