

COUNTY AUDIT

# CADDO COUNTY

For the fiscal year ended June 30, 2015



*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, 2015**

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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](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



# Oklahoma State Auditor & Inspector

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

October 5, 2016

TO THE CITIZENS OF  
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma for the fiscal year ended June 30, 2015. 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 written in a cursive style with a large, looping initial "G".

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

**CADDO COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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<br>(with Combining Information)—Major Funds..... | 4 |
| Notes to the Financial Statement.....  | 5 |

OTHER SUPPLEMENTARY INFORMATION

|   |    |
|---|----|
| Comparative Schedule of Receipts, Expenditures, and Changes in<br>Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....                   | 13 |
| Comparative Schedule of Receipts, Expenditures, and Changes in<br>Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund ..... | 14 |
| Combining Statement of Receipts, Disbursements, and Changes in<br>Cash Balances—Regulatory Basis—Remaining Aggregate Funds .....                      | 15 |
| Notes to Other Supplementary Information .....  | 16 |
| Schedule of Expenditures of Federal Awards .....  | 19 |
| Note to the Schedule of Expenditures of Federal Awards.....   | 20 |

**CADDO COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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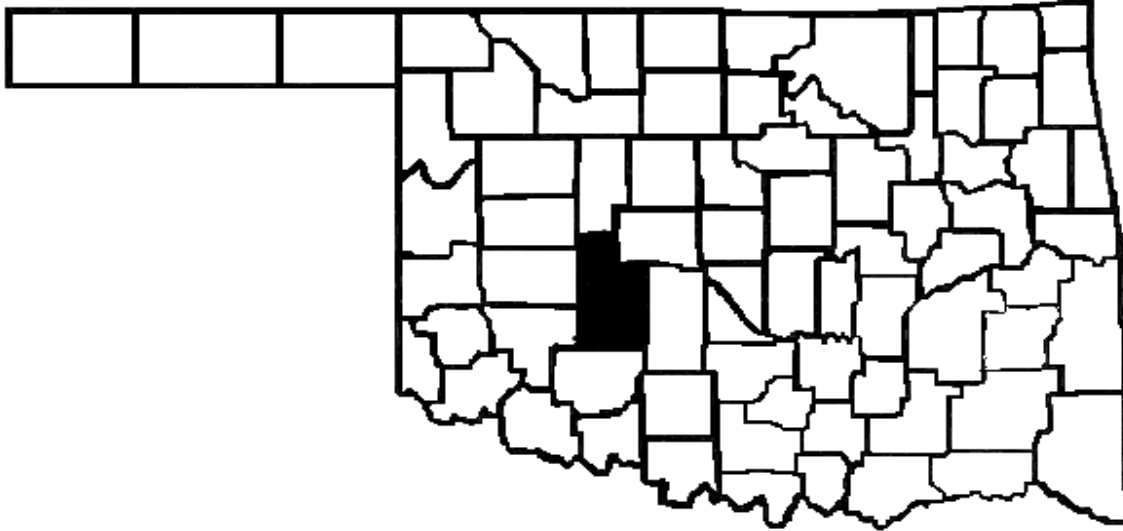
INTERNAL CONTROL AND COMPLIANCE SECTION

|   |    |
|---|----|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in Accordance With<br><i>Government Auditing Standards</i> ..... | 21 |
| Independent Auditor's Report on Compliance for Each Major Program<br>and on Internal Control Over Compliance Required by OMB Circular A-133 .....   | 23 |
| Schedule of Findings and Questioned Costs.....  | 25 |
| Prior Year Schedule of Findings and Questioned Costs .....  | 44 |

**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, 2015**

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

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

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

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

County Seat – Anadarko

Area – 1,290.31 Square Miles

County Population – 29,317  
(2014 est.)

Farms – 1,461

Land in Farms – 707,669Acres

Primary Source: Oklahoma Almanac 2015-2016

**Board of County Commissioners**

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

**County Assessor**

Edward Whitworth

**County Clerk**

Patrice Dolch

**County Sheriff**

Gene Cain

**County Treasurer**

Stan Jennings

**Court Clerk**

Patti Barger

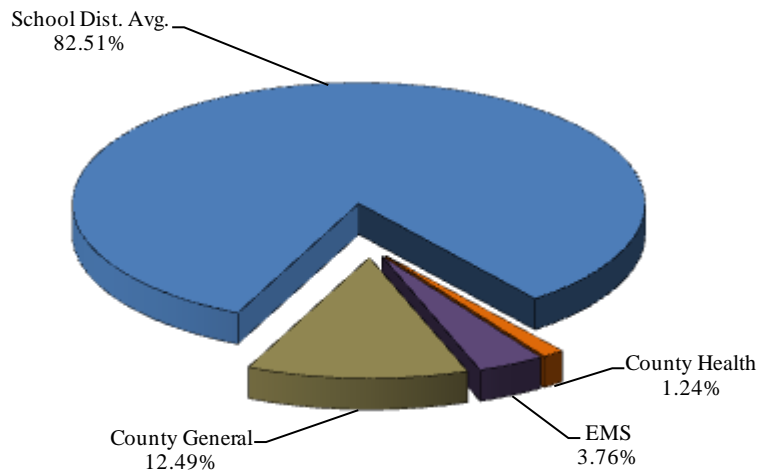
**District Attorney**

Jason Hicks



**CADDO COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

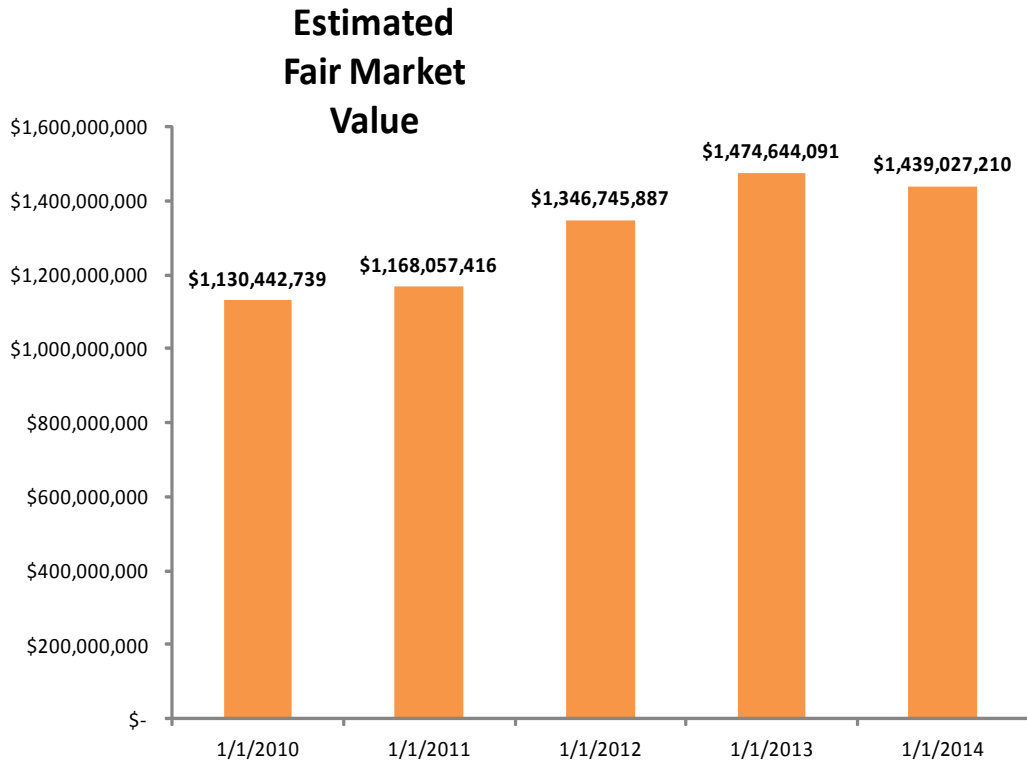
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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<br>Tech | Common | Total  |
| County General                             | 10.24 |                          |       |       |       |       |                |        |        |
| County Health                              | 1.02  | Anadarko                 | I-20  | 35.57 | 5.08  | 18.42 | 11.26          | 4.10   | 74.43  |
|  |       | Hydro-Eakley             | I-11  | 36.01 | 5.14  | 39.86 | 11.26          | 4.10   | 96.37  |
| Other                                      |       | Boone-Apache             | I-56  | 35.86 | 5.12  | 11.82 | 11.26          | 4.10   | 68.16  |
| Sugar Creek Ambulance Service              |       | Ft Cobb-Broxton          | I-167 | 36.26 | 5.18  | 54.39 | 11.26          | 4.10   | 111.19 |
| (School Districts I-12, I-168,<br>& I-161) | 3.08  | Lookeba-Sickles          | I-12  | 36.32 | 5.19  | 16.32 | 11.26          | 4.10   | 73.19  |
|  |       | Binger-Oney V2           | I-168 | 35.98 | 5.14  | 13.44 | 11.26          | 4.10   | 69.92  |
|  |       | Carnegie                 | I-33  | 36.03 | 5.15  | 12.14 | 11.26          | 4.10   | 68.68  |
|  |       | Cyril                    | I-64  | 35.62 | 5.09  | 18.46 | 11.26          | 4.10   | 74.53  |
|  |       | Gracemont                | I-86  | 36.94 | 5.28  | 8.80  | 11.26          | 4.10   | 66.38  |
|  |       | Cement                   | I-160 | 35.67 | 5.10  | 23.70 | 11.26          | 4.10   | 79.83  |
|  |       | Hinton V2                | I-161 | 35.59 | 5.08  | 21.99 | 11.26          | 4.10   | 78.02  |
|  |       | Jt 2 Grady V6            | I-01  | 35.97 | 5.14  | 17.83 | 16.20          | 4.10   | 79.24  |
|  |       | Jt 11/6/9 (Com V9)       | I-9   | 35.50 | 5.07  | 11.73 | 14.15          | 4.10   | 70.55  |
|  |       | Jt 9 V12 Washita         | I-78  | 36.48 | 5.21  | 14.20 | 12.00          | 4.10   | 71.99  |
|  |       | 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  | 11.00 | 16.20          | 4.10   | 71.32  |

**CADDO COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 TREND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

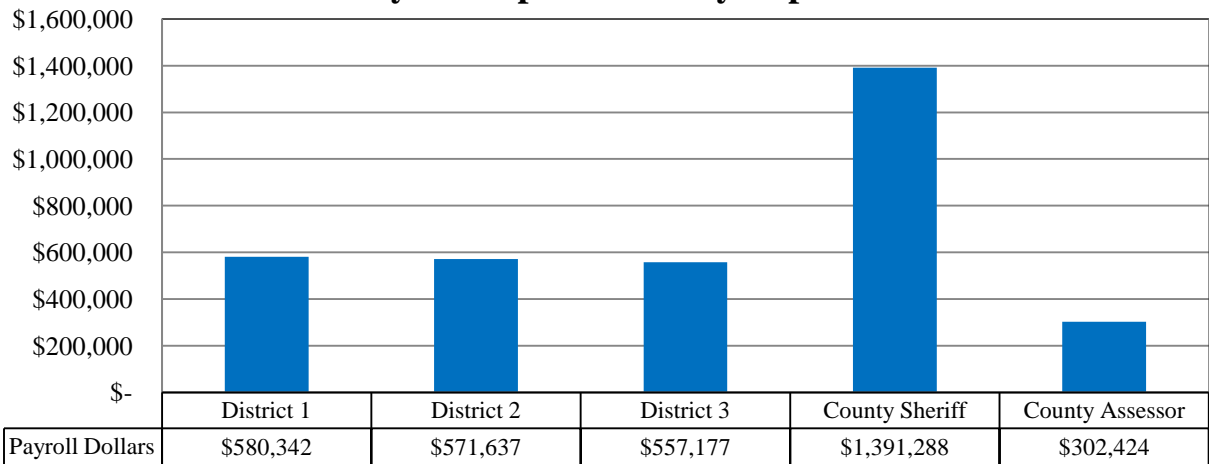
| Valuation Date | Personal     | Public Service | Real Estate  | Homestead Exemption | Net Value     | Estimated Fair Market Value |
|----------------|--------------|----------------|--------------|---------------------|---------------|-----------------------------|
| 1/1/2014       | \$70,647,296 | \$34,268,695   | \$77,036,007 | \$6,669,527         | \$175,282,471 | \$1,439,027,210             |
| 1/1/2013       | \$73,794,130 | \$40,612,148   | \$75,015,525 | \$6,696,648         | \$182,725,155 | \$1,474,644,091             |
| 1/1/2012       | \$60,889,775 | \$39,838,924   | \$73,147,945 | \$6,754,378         | \$167,122,266 | \$1,346,745,887             |
| 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             |



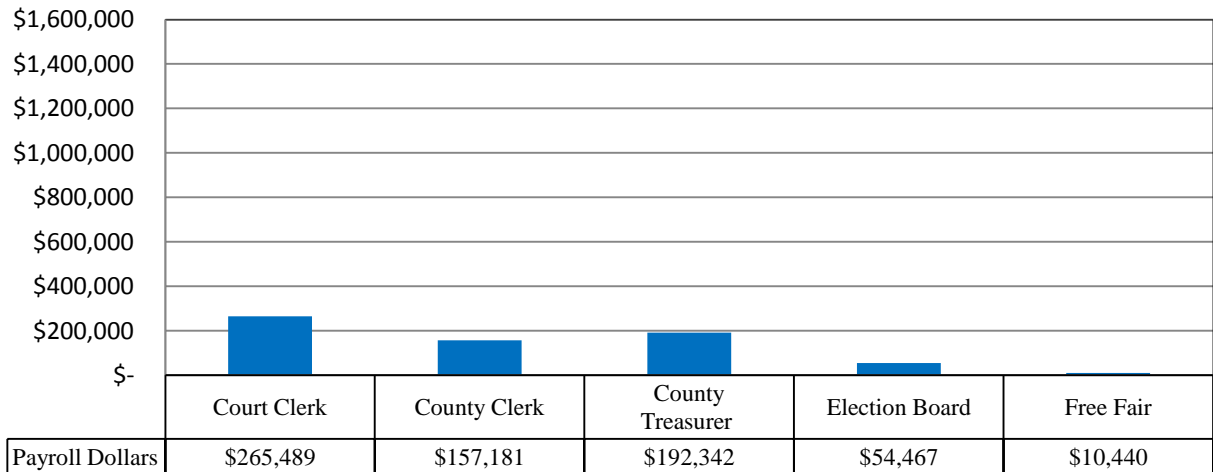
**CADDO COUNTY, OKLAHOMA  
COUNTY PAYROLL EXPENDITURES ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015.

**Payroll Expenditures by Department**



**Payroll Expenditures by Department**

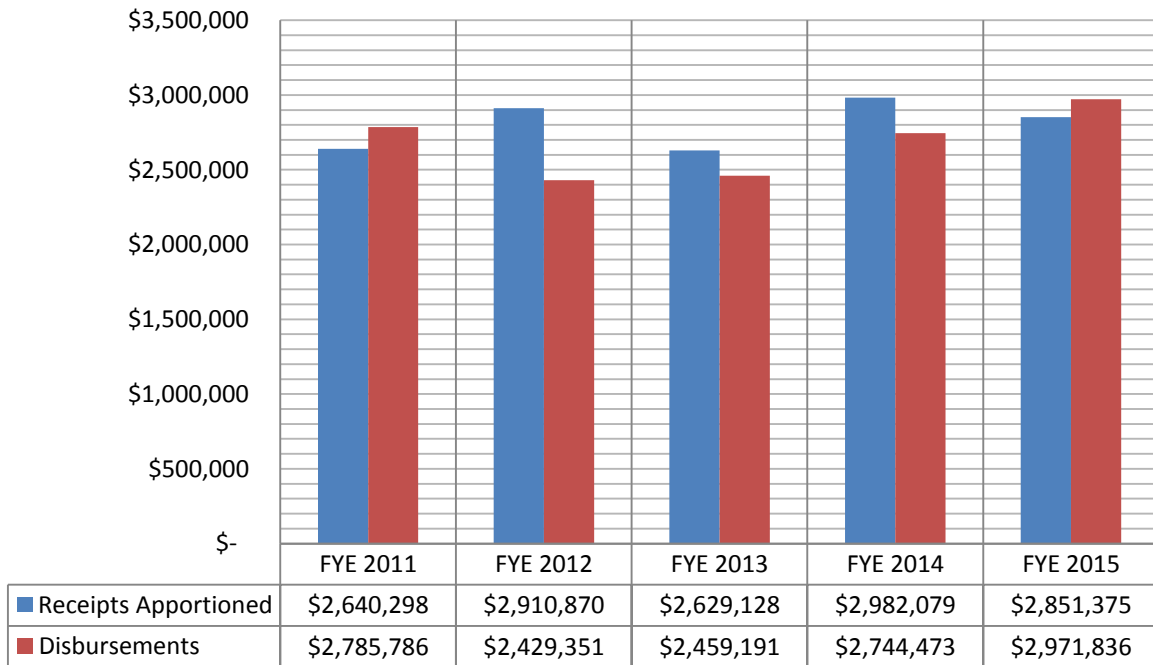


**CADDO COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## 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.

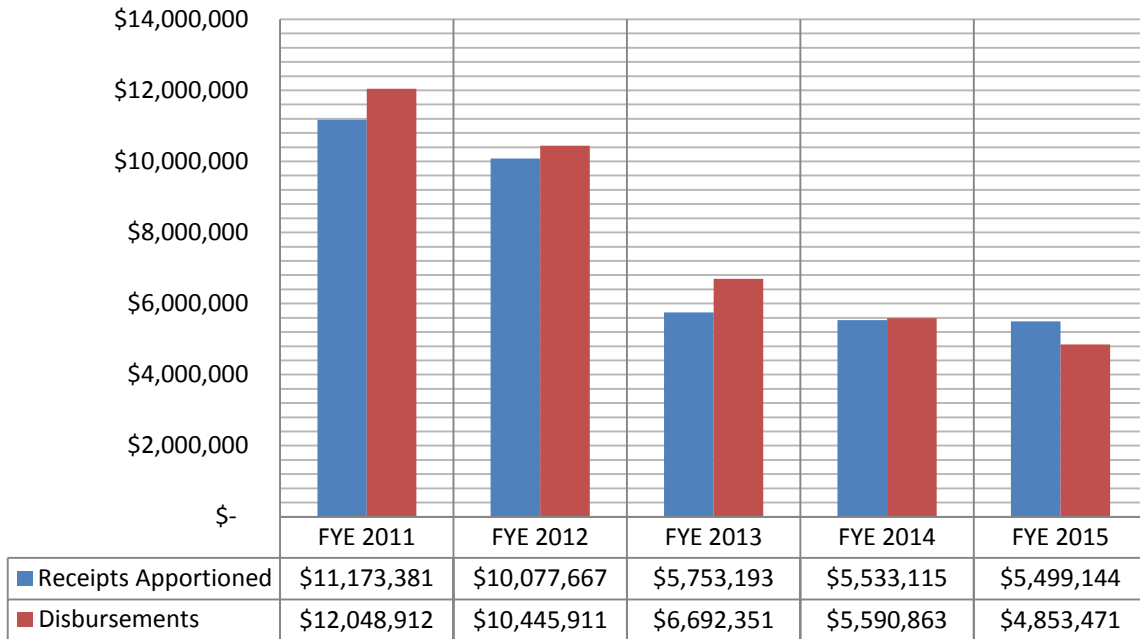


**CADDO COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## 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, 2015, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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, 2015, 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, 2015, in accordance with 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 October 3, 2016, on our consideration of Caddo County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Caddo County's internal control over financial reporting and compliance.

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

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

October 3, 2016

**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, 2015**

|  | Beginning<br>Cash Balances<br>July 1, 2014 | Receipts<br>Apportioned | Transfers<br>In     | Transfers<br>Out    | Disbursements        | Ending<br>Cash Balances<br>June 30, 2015 |
|--|--|-------------------------|---------------------|---------------------|----------------------|--|
| Combing Information:   |  |                         |                     |                     |                      |  |
| Major Funds:   |  |                         |                     |                     |                      |  |
| County General Fund  | \$ 1,347,282                               | \$ 2,851,375            | \$ -                | \$ -                | \$ 2,971,836         | \$ 1,226,821                             |
| County Highway Fund  | 1,078,976                                  | 5,499,144               | -                   | 62,382              | 4,853,471            | 1,662,267                                |
| County Highway T-8   | 895,057                                    | 434,053                 | 105,880             | -                   | 558,327              | 876,663                                  |
| Caddo County Health Department   | 225,653                                    | 188,857                 | -                   | -                   | 148,872              | 265,638                                  |
| Sheriff Cash   | 291,106                                    | 186,429                 | -                   | -                   | 210,065              | 267,470                                  |
| County Use Tax   | 277,520                                    | 536,511                 | -                   | -                   | 434,375              | 379,656                                  |
| Sales Tax Jail/Courthouse Renovation   | 141,353                                    | 1,304,219               | -                   | 1,445,572           | -                    | -  |
| Caddo County Governmental<br>Building Authority Capital Improvement Bond   | 1,236,283                                  | 140,747                 | 689,239             | -                   | 973,058              | 1,093,211                                |
| Caddo County Governmental Building Authority<br>Operations and Expenses Renovation<br>Maintenance and Operations       | 1,964                                      | -                       | -                   | -                   | -                    | 1,964                                    |
| Caddo County Governmental<br>Building Authority Gross Revenue<br>Operations and Expenses<br>Maintenance and Operations | 1,235,762                                  | 131,029                 | 756,333             | 1,110,760           | -                    | 1,012,364                                |
| Caddo County Governmental Building Authority<br>Bond Interest Maintenance and Operations                               | 59,014                                     | 16,920                  | -                   | -                   | 6,850                | 69,084                                   |
| OSU Extension Sales Tax  | 58,534                                     | 99,574                  | -                   | -                   | 91,318               | 66,790                                   |
| 3/8 911 Sales Tax  | 458  | 1,193                   | 280,000             | -                   | 255,357              | 26,294                                   |
| 3/8 Sheriff Sales Tax  | 3,239                                      | 81,151                  | 830,760             | -                   | 757,589              | 157,561                                  |
| Sheriff Sales Tax  | 154,667                                    | 114,860                 | -                   | -                   | 120,303              | 149,224                                  |
| Capital Improvements Sales Tax   | 161,097                                    | 101,568                 | -                   | -                   | 53,957               | 208,708                                  |
| Free Fair and Livestock Sales Tax  | 51,638                                     | 75,091                  | -                   | -                   | 94,641               | 32,088                                   |
| Township Fair Sales Tax  | 40,373                                     | 62,651                  | -                   | -                   | 71,079               | 31,945                                   |
| Rural Fire Sales Tax   | 69,963                                     | 125,302                 | -                   | -                   | 131,373              | 63,892                                   |
| Fairgrounds/Facilities Sales Tax   | 44,750                                     | 15,663                  | -                   | -                   | 26,411               | 34,002                                   |
| Anadarko Senior Citizen Sales Tax  | 4,605                                      | 14,358                  | -                   | -                   | 15,299               | 3,664                                    |
| Apache Senior Citizen Sales Tax  | 16,659                                     | 14,357                  | -                   | -                   | 25,385               | 5,631                                    |
| Binger Senior Citizen Sales Tax  | 7,725                                      | 14,357                  | -                   | -                   | 15,120               | 6,962                                    |
| Carnegie Senior Citizen Sales Tax  | 6,720                                      | 14,357                  | -                   | -                   | 14,173               | 6,904                                    |
| Cement Senior Citizen Sales Tax  | 8,131                                      | 14,357                  | -                   | -                   | 8,783                | 13,705                                   |
| Cyril Senior Citizen Sales Tax   | 2,200                                      | 14,357                  | -                   | -                   | 15,129               | 1,428                                    |
| Fort Cobb Senior Citizen Sales Tax   | 2,983                                      | 14,357                  | -                   | -                   | 12,559               | 4,781                                    |
| Hinton Senior Citizen Sales Tax  | 31,578                                     | 14,358                  | -                   | -                   | 6,918                | 39,018                                   |
| Health Sales Tax   | 5,168                                      | 14,689                  | -                   | -                   | 16,019               | 3,838                                    |
| Emergency Reserve Fund Sales Tax   | 60,000                                     | -                       | -                   | -                   | -                    | 60,000                                   |
| Ambulance Service Fund Sales Tax   | 34,844                                     | 313,256                 | -                   | -                   | 323,346              | 24,754                                   |
| Ambulance Run Fund Sales Tax   | 58,419                                     | 208,837                 | -                   | -                   | 232,316              | 34,940                                   |
| Grandstand Sales Tax   | 3,655                                      | -                       | -                   | -                   | 3,655                | -  |
| Community Development Block Grant<br>Rural Economic Action Plan 2010 Balwin  | 684  | -                       | -                   | -                   | -                    | 684                                      |
| BIA Whitfield Road   | 3  | -                       | -                   | -                   | 3                    | -  |
| BIA Hatchetville Road #6602  | -  | 3,194,203               | 220,552             | 220,552             | 3,194,203            | -  |
| Court Clerk Oklahoma Bar Foundation 2013 Grant   | 8,696                                      | 23                      | -                   | -                   | 8,710                | 9  |
| Sheriff Department of Corrections  | 150,007                                    | 126,952                 | -                   | -                   | 114,653              | 162,306                                  |
| Washita River Bridge Project   | -  | 400,000                 | -                   | -                   | 340,000              | 60,000                                   |
| Remaining Aggregate Funds  | 1,516,764                                  | 1,466,815               | 26,824              | 43,498              | 888,312              | 2,078,593                                |
| <b>Combined Total - All County Funds</b>   | <b>\$ 9,293,530</b>                        | <b>\$ 17,805,970</b>    | <b>\$ 2,909,588</b> | <b>\$ 2,882,764</b> | <b>\$ 16,993,465</b> | <b>\$ 10,132,859</b>                     |

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, 2015**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

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

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

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

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

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

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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 ¾% county sales tax collected and disbursed to the Capital Improvement Bond fund, the Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations fund, and the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operation Fund.

Caddo County Governmental Building Authority Capital Improvement Bond – accounts for 50% of the ¾% 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 ¾% 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 Gross Revenue Operations and Expenses Maintenance and Operations – accounts for 50% of the ¾% county sales tax collected after completion of renovations and shall be disbursed for the operations and expenses of the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses.

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

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

3/8 911 Sales Tax – accounts for monies collected from the ¾% county sales tax and is expended for the maintenance and operation of the 911 center.

3/8 Sheriff Sales Tax – accounts for monies collected from the ¾% 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 the .50% county sales tax collected and disbursed for the Sheriff’s office.

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

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

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

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

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

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

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

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

Health Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the County Health Department.

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

Grandstand Sales Tax – accounts for county sales tax collected and 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 Whitfield Road – accounts for funds received from the Bureau of Indian affairs for county road maintenance for Whitfield Road.

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

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

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

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

**C. Basis of Accounting**

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

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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.

**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



**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

**3. Other Information**

**A. Pension Plan**

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

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

**B. Other Post Employment Benefits (OPEB)**

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

**C. Contingent Liabilities**

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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**

**Sales Tax of January 1, 2009**

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

**Sales Tax of May 3, 2012**

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

**Sales Tax of August 11, 2009**

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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to Sales Tax Jail/Courthouse Renovation, 50% of 100% will go to the Caddo County Governmental Building Authority Capital Improvement Bond which is pledged toward the retirement of the indebtedness incurred, and the other 50% of 100% will go to the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations for distribution, based on the Estimate of Need approved by the Excise Board, to the 3/8 911 Sales Tax fund and the 3/8 Sheriff Sales Tax fund.

**E. Interfund Transfers**

- \$80,298 was transferred into County Highway T-8 to purchase a vehicle for District 3 along with \$25,582 to pay a lease-payment for District 1 totaling \$105,880. This total consists of transfers from the County Highway Fund in the amount of \$62,382 and CED Circuit Engineering in the amount of \$43,498.
- \$26,824 was transferred into the Resale Property fund from the Excess Resale Fund (a Trust and Agency Fund) in accordance with 68 O.S. § 3131(C).
- \$220,552 was transferred into the BIA Hatchetville RD Phase IV D-3 fund from Emergency and Transportation Revolving fund (a Trust and Agency Fund) for completion of the road project and then transferred back into the Emergency and Transportation Revolving fund (a Trust and Agency Fund) from BIA Hatchetville RD Phase IV D-3 for repayment of said funds.
- \$689,239 was transferred into the Caddo County Governmental Building Authority Capital Improvement Bond fund and \$756,333 into the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations totaling \$1,445,572 from the Sales Tax Jail/Courthouse Renovation fund to be held until needed for repayment of debt obligated by the Caddo County Governmental Building Authority relating to jail and courthouse renovations.
- \$280,000 was transferred into the 3/8 911 Sales Tax fund and \$830,760 was transferred into the 3/8 Sheriff Sales Tax fund totaling \$1,110,760 from the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund for the maintenance and operations of the Sheriff's department.

**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, 2015**

|   | General Fund     |                     |                     |
|---|------------------|---------------------|---------------------|
|   | Budget           | Actual              | Variance            |
| Beginning Cash Balances   | \$ 1,347,282     | \$ 1,347,282        | \$ -                |
| Less: Prior Year Outstanding Warrants   | (55,889)         | (55,889)            | -                   |
| Less: Prior Year Encumbrances   | (5,153)          | (4,367)             | 786                 |
| Beginning Cash Balances, Budgetary Basis  | <u>1,286,240</u> | <u>1,287,026</u>    | <u>786</u>          |
| Receipts:   |                  |                     |                     |
| Ad Valorem Taxes  | 1,631,720        | 1,876,971           | 245,251             |
| Charges for Services  | 100,000          | 132,248             | 32,248              |
| Intergovernmental Revenues  | 62,594           | 426,034             | 363,440             |
| Sales Tax   | -                | 344,581             | 344,581             |
| Miscellaneous Revenues  | -                | 71,541              | 71,541              |
| Total Receipts, Budgetary Basis   | <u>1,794,314</u> | <u>2,851,375</u>    | <u>1,057,061</u>    |
| Expenditures:   |                  |                     |                     |
| County Sheriff  | 681,649          | 667,217             | 14,432              |
| County Treasurer  | 274,198          | 274,197             | 1                   |
| County Clerk  | 259,206          | 243,180             | 16,026              |
| Court Clerk   | 313,951          | 313,948             | 3                   |
| County Assessor   | 256,423          | 255,451             | 972                 |
| Revaluation of Real Property  | 292,822          | 291,196             | 1,626               |
| Juvenile Shelter Bureau   | 70,422           | 65,419              | 5,003               |
| General Government  | 141,538          | 120,937             | 20,601              |
| Excise-Equalization Board   | 2,847            | 2,847               | -                   |
| County Election Expense   | 93,740           | 84,643              | 9,097               |
| Detention Center  | 676,230          | 676,206             | 24                  |
| County Audit Budget Account   | 17,528           | 1,741               | 15,787              |
| Total Expenditures, Budgetary Basis   | <u>3,080,554</u> | <u>2,996,982</u>    | <u>83,572</u>       |
| Excess of Receipts and Beginning Cash   |                  |                     |                     |
| Balances Over Expenditures, Budgetary Basis   | <u>\$ -</u>      | 1,141,419           | <u>\$ 1,141,419</u> |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                  |                     |                     |
| Add: Current Year Outstanding Warrants  |                  | 55,424              |                     |
| Add: Current Year Encumbrances  |                  | 29,978              |                     |
| Ending Cash Balance   |                  | <u>\$ 1,226,821</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, 2015**

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| County Health Department Fund   |            |            |            |
|---|------------|------------|------------|
|   | Budget     | Actual     | Variance   |
| Beginning Cash Balances   | \$ 225,653 | \$ 225,653 | \$ -       |
| Less: Prior Year Outstanding Warrants   | (3,599)    | (3,599)    | -          |
| Less: Prior Year Encumbrances   | (1,802)    | (941)      | 861        |
| Beginning Cash Balances, Budgetary Basis  | 220,252    | 221,113    | 861        |
| Receipts:   |            |            |            |
| Ad Valorem Taxes  | 162,534    | 172,852    | 10,318     |
| Charges for Services  | -          | 12,053     | 12,053     |
| Intergovernmental Revenues  | 2,147      | 3,952      | 1,805      |
| Total Receipts, Budgetary Basis   | 164,681    | 188,857    | 24,176     |
| Expenditures:   |            |            |            |
| Health and Welfare  | 384,933    | 157,636    | 227,297    |
| Total Expenditures, Budgetary Basis   | 384,933    | 157,636    | 227,297    |
| Excess of Receipts and Beginning Cash<br>Balances Over Expenditures,<br>Budgetary Basis | \$ -       | 252,334    | \$ 252,334 |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |            |            |            |
| Add: Current Year Encumbrances  |            | 12,650     |            |
| Add: Current Year Outstanding Warrants  |            | 654        |            |
| Ending Cash Balance   |            | \$ 265,638 |            |

**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, 2015**

|  | Beginning<br>Cash Balances<br>July 1, 2014 | Receipts<br>Apportioned | Transfers<br>In  | Transfers<br>Out | Disbursements     | Ending<br>Cash Balances<br>June 30, 2015 |
|--|--|-------------------------|------------------|------------------|-------------------|--|
| Remaining Aggregate Funds:   |  |                         |                  |                  |                   |  |
| Credit Card Tax Payments   | \$ 18                                      | \$ -                    | \$ -             | \$ -             | \$ -              | \$ 18                                    |
| Caddo County Education Facilities Authority                                | 43,310                                     | 28,614                  | -                | -                | 2,200             | 69,724                                   |
| Resale Property  | 194,813                                    | 162,514                 | 26,824           | -                | 109,117           | 275,034                                  |
| CED Circuit Engineering  | 63,498                                     | 60,000                  | -                | 43,498           | 34,678            | 45,322                                   |
| County Bridge and Road Improvements  | 439,506                                    | 682,639                 | -                | -                | 296,610           | 825,535                                  |
| Cash County Treasurer  | 28,891                                     | 3,755                   | -                | -                | 4,415             | 28,231                                   |
| Cash County Clerk  | 83,358                                     | 39,376                  | -                | -                | 20,855            | 101,879                                  |
| Cash County Assessor   | 205  | -                       | -                | -                | -                 | 205                                      |
| Assessor Revolving   | 12,986                                     | 3,411                   | -                | -                | -                 | 16,397                                   |
| Sheriff State Criminal Alien Assistance<br>Program (SCAAP) Grant           | 1,917                                      | 689                     | -                | -                | 367               | 2,239                                    |
| Sheriff Drug Enforcement   | 6,632                                      | 276                     | -                | -                | 4,645             | 2,263                                    |
| Sheriff Courthouse Security  | 20,509                                     | 17,378                  | -                | -                | 21,037            | 16,850                                   |
| Sheriff Recovery Justice Assistance Grant                                  | 33   | -                       | -                | -                | -                 | 33                                       |
| Sheriff Special Response Team  | 6,879                                      | -                       | -                | -                | 3,739             | 3,140                                    |
| E-911 Association of South Central Oklahoma<br>Governments Cellular Phones | 228,632                                    | 141,422                 | -                | -                | 45,682            | 324,372                                  |
| E-911 Account  | 9,409                                      | -                       | -                | -                | 5,127             | 4,282                                    |
| County Clerk Records Preservation  | 139,462                                    | 42,360                  | -                | -                | 41,226            | 140,596                                  |
| OSU Extension Support Fund   | 464  | -                       | -                | -                | -                 | 464                                      |
| E-911-5  | 188,182                                    | 211,557                 | -                | -                | 292,287           | 107,452                                  |
| Emergency Management SLA   | 8,398                                      | 15,000                  | -                | -                | 4,554             | 18,844                                   |
| Court Clerk Cimarex Settlement   | 26,711                                     | 51,899                  | -                | -                | -                 | 78,610                                   |
| County Farm Lease  | 5,725                                      | 5,725                   | -                | -                | -                 | 11,450                                   |
| Local Environmental Planning Commission                                    | 3,355                                      | 200                     | -                | -                | -                 | 3,555                                    |
| 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             | -  |
| <b>Combined Total - Remaining Aggregate Funds</b>                          | <b>\$ 1,516,764</b>                        | <b>\$ 1,466,815</b>     | <b>\$ 26,824</b> | <b>\$ 43,498</b> | <b>\$ 888,312</b> | <b>\$ 2,078,593</b>                      |

**CADDO COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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 for 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 Treasurer for mortgage tax certificates and disbursement of funds as restricted by state statute.

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

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



**CADDO COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

Sheriff Recovery Justice Assistance Grant – accounts for the collection of grant monies to be distributed by the 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 Southern Central Oklahoma Governments Cellular Phones – accounts for the collection of pre-paid 911 fees from the State of Oklahoma to be disbursed for operations of E-911.

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

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

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

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

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

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

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

**CADDO COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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, 2015**

| Federal Grantor/Pass-Through<br>Grantor/Program Title                   | Federal<br>CFDA Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|---|------------------------|-------------------------------------|-------------------------|
| <b>U.S. DEPARTMENT OF INTERIOR</b>                                      |                        |                                     |                         |
| Direct Grant:   |                        |                                     |                         |
| Payments in Lieu of Taxes   | 15.226                 |                                     | \$ 20,430               |
| Total U.S. Department of Interior                                       |                        |                                     | <u>20,430</u>           |
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                       |                        |                                     |                         |
| Direct Grant:   |                        |                                     |                         |
| State Criminal Alien Assistance Program                                 | 16.606                 |                                     | 367                     |
| Total U.S. Department of Justice  |                        |                                     | <u>367</u>              |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                                |                        |                                     |                         |
| Passed Through the Bureau of Indian Affairs:                            |                        |                                     |                         |
| Highway Planning and Construction                                       | 20.205                 |                                     | 3,245,850               |
| Total U.S. Department of Transportation                                 |                        |                                     | <u>3,245,850</u>        |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                             |                        |                                     |                         |
| Passed Through the Oklahoma Department of Emergency Management:         |                        |                                     |                         |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036                 | DR - 1883                           | 16,792                  |
| Emergency Management Performance Grants                                 | 97.042                 |                                     | 4,554                   |
| Total U.S. Department of Homeland Security                              |                        |                                     | <u>21,346</u>           |
| <b>Total Expenditures of Federal Awards</b>                             |                        |                                     | <u>\$ 3,287,993</u>     |

**CADDO COUNTY, OKLAHOMA  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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, 2015, and the related notes to the financial statement, which collectively comprises Caddo County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 3, 2016.

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, 2015, 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: 2015-1, 2015-4, 2015-5, and 2015-6.

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: 2015-3.

### **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 2015-4 and 2015-6.

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.

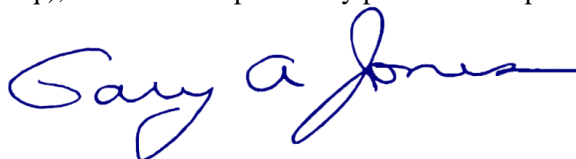
### **Caddo County's Responses to Findings**

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 the responses.

### **Purpose of this Report**

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

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

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

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

October 3, 2016





# 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, 2015. 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 2015-16 and 2015-17, 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, 2015.

## **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.

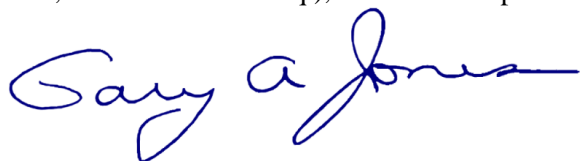
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance 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 2015-14, 2015-15, and 2015-20 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

October 3, 2016

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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 the financial statement 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, 2015**

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**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 2015-1 - Inadequate County-Wide Controls and Disaster Recovery Plan (Repeat Finding)**

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

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

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

**Effect of Condition:** These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds. Further, the lack of a formal plan could cause significant problems in ensuring county business could continue uninterrupted in an emergency situation and/or disaster.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design and implement procedures to identify and address risks. OSAI also recommends that the County design and implement 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.

Further, a Disaster Recovery Plan should be designed and implemented for each office that addresses how critical information and systems within the office would be restored in the event of an emergency and/or disaster. The plan should include current names, addresses, contact numbers of key county personnel and their roles and responsibilities of the information services function, a listing of contracted service providers, information on location of key resources, including back-up site for recovery operation system, application, data files, operating manuals, and program/system/user documentation, and alternative work locations once IT resources are available.

**Management Response:**

**Board of County Commissioners District 1, 2, and 3:** The Board of County Commissioners will work toward assessing and identifying risks to design written policies and procedures regarding county-wide controls. The Board will also work toward offices maintaining individual Disaster Recovery Plans and the design and implementation of a county-wide Disaster Recovery Plan with the inclusion of all information systems used by individual offices.

**Court Clerk:** A Disaster Recovery Plan will be completed and filed with the County Clerk.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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.

Disaster Recovery Plans are an integral part of county operations to ensure that business can continue in the event of an emergency and/or 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.

**Finding 2015-3 - Inadequate Internal Controls Over the Collection Process, Bank Reconciliations, Classification of Transfers, Pledged Collateral, and Daily Reports and Noncompliance with State Statute (Repeat Finding)**

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

- Regarding the collection process, all employees work from the same cash drawer and documentation did not exist to support a review of the monthly apportionment of funds to collections. Further, documentation did not exist to support a review of the input of ad valorem tax levies into the software system to ensure accuracy.
- Monthly bank reconciliations were not performed for three bank accounts holding county funds.
- Apportionment errors and/or transfers were not properly classified within the software system which is used to prepare the financial statement of the County.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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- Daily bank balances were not monitored to ensure adequate collateral is maintained to protect against the loss of county funds.
- The daily report of county business was not filed with the County Clerk in accordance with state statute.

**Cause of Condition:** Internal controls have not been designed and implemented by the County Treasurer to maintain documentation supporting review processes that ensure accuracy of the apportionment of funds and the input of ad valorem tax levies, the performance of monthly bank reconciliations of all bank accounts, the proper classification of apportionment errors and/or transfer of funds, and the assurance of the security of county funds. Further, procedures have not been designed and implemented to file the daily report, which reports county daily business, with the County Clerk.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financial reports, or misappropriation of funds which would not be detected in a timely manner. Failure to monitor daily bank balances to secure county funds could result in a possible loss of funds.

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

OSAI recommends that bank reconciliations be prepared for all bank accounts that hold county funds. OSAI also recommends that classification of apportionment errors and/or transfers within the software system used to compile the financial statement of the County be properly classified. Further, OSAI recommends that daily bank balances be monitored to ensure the adequate security of county funds held in all financial institutions in accordance with 62 O.S. § 517.4.

Further, OSAI recommends the County Treasurer file the daily report with the County Clerk in accordance with 19 O.S. § 644.1.

**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. All bank statements will be reconciled monthly and bank balances will be monitored daily to ensure adequate pledge securities. Further, we will work to ensure the proper classification of errors and/or transfers, and file the daily report with the County Clerk.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, and completeness of the County financial statements. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Further, effective internal controls require that monitoring pledged securities be performed on a daily basis to ensure compliance with 62 O.S. § 517.4.

Title 19 O.S. § 644.1 requires the County Treasurer file the Daily Report, the reporting of daily county business, with the County Clerk.

**Finding 2015-4 - 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.
- 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  | \$1,304,219                                | \$ -   | \$1,304,219 |
| Caddo County Governmental Building Authority Capital Improvement Bond   | \$131,029                                  | \$783,139  | (\$652,110) |
| Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations | \$131,029                                  | \$ -   | \$131,029   |
| 3/8 Sheriff Sales Tax and 3/8 911 Sales Tax   | \$ -                                       | \$783,138  | (\$783,138) |

- The County made transfers from the Sales Tax Jail/Courthouse Renovation fund to the Caddo County Governmental Building Authority Capital Improvement Bond fund and the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund for \$689,239 and \$756,333 respectfully. The County then transferred funds

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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from the Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations fund to the 3/8 911 Sales Tax fund and the 3/8 Sheriff Sales Tax Fund for \$280,000 and \$830,760 respectfully. 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. § 1370E and 68 O.S. § 3021.

**Effect of Condition:** This condition resulted in noncompliance with state statute. Sales tax was not apportioned in accordance with the sales tax ballot.

**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 in accordance with Title 68 O.S. § 1370E. We further recommend that transfers between funds comply with Title 68 O.S. § 3021.

**Management Response:**

**Board of County Commissioners 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. Further, a recalculation of Sales Tax collections will be performed.

**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 finds were transferred.”



**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Finding 2015-5 - Inadequate Internal Controls Over the Disbursement and Payroll Processes  
(Repeat Finding)**

**Condition:** We noted the following weaknesses with regards to the disbursement process:

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

**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 could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends implementing compensating controls to mitigate the risk 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.

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.

**Management Response:**

**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.

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

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Finding 2015-6 - Inadequate Internal Controls and Noncompliance Over the Disbursement of County Sales Tax (Repeat Finding)**

**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 \$344,581 in sales tax collections to the County General Fund during the fiscal year ended June 30, 2015. Since the sales tax collections were commingled with other sources of revenue, we could neither determine how much sales tax was expended nor perform a test of sales tax expenditures for the County General Fund.
- County sales tax collections for fire departments are paid directly to the twenty-one (21) fire departments which is not in accordance with County Purchasing Act.

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

**Effect of Condition:** These conditions resulted in noncompliance with the AG Opinions and 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 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:**

**Board of County Commissioners District 1, 2, and 3:** Sales tax is no longer remitted directly to the entities as of March 2015. 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 as of March 2015. 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.

**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.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; [68 O.S. 2011, § 1370](#); [19 O.S. Supp. 2013, § 339](#); [19 O.S. 2011, § 345](#); *Cavin v. Bd. of County Comm'rs*, [1934 OK 245](#) ¶ 11, [33 P.2d 477](#), 479.

**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 2015-14 - 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

**FEDERAL AWARD YEAR:** 2015

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

**QUESTIONED COSTS:** \$-0-

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

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

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

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

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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.

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

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

Risk assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then 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.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Finding 2015-15 - 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:** 2015

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

**QUESTIONED COSTS:** \$-0-

**Condition:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that Caddo County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; 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 a material effect on each of it Federal programs.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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 2015-16 - Noncompliance with the Davis-Bacon Act 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:** 2015

**CONTROL CATEGORY:** Davis-Bacon Act

**QUESTIONED COSTS:** \$3,243,119.96

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

- District 3 – There was no documentation to support compliance with the Davis-Bacon Act, resulting in questioned costs of \$3,243,119.96.

**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

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

**Finding 2015-17 - Noncompliance with Reporting Over 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:** 2015

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$-0-

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

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

**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.

**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.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Finding 2015-20 – Inadequate Internal Controls Over Schedule of Expenditures of Federal Awards  
– Highway Planning and Construction**

**PASS-THROUGH GRANTOR:** Bureau of Indian Affairs

**FEDERAL AGENCY:** U.S. Department of Transportation

**CFDA NO:** 20.205

**FEDERAL PROGRAM NAME:** Highway Planning and Construction

**FEDERAL AWARD YEAR:** 2015

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

**QUESTIONED COSTS:** \$-0-

**Condition:** During our audit we identified federal programs that were not listed accurately on the County's Schedule of Expenditures of Federal Awards (SEFA). Federal program Highway Planning and Construction CFDA 20.205, actual expenditures were \$3,245,850 and the County reported \$3,592,040. The County over reported the expenditures for CFDA 20.205 by \$346,190.

In addition, the following misstatements were noted. Federal program Disaster Grants CFDA 97.036, Disaster 1883 actual expenditures were \$16,792 and the County reported \$205,826. The County over reported the expenditures for CFDA 97.036 by \$189,034. Federal program Payment in Lieu of Taxes CFDA 15.226, actual expenditures were \$ 20,430 and the County did not report any expenditures. The County under reported the expenditures for CFDA 15.226 by \$20,430.

**Cause of Condition:** Caddo County District's 1, 2, and 3 did not provide the County Clerk's office with accurate BIA and FEMA expenditures for fiscal year 2015. The County Clerk is specifically assigned to keep accurate records of federal awards received or expended by the County. Without accurate expenditures from the Districts, the County Clerk cannot create an accurate Schedule of Expenditures of Federal Awards.

**Effect of Condition:** Lack of internal controls over major program expenditures could lead to erroneous reporting and/or material misstatement of the County's Schedule of Expenditures of Federal Awards, and increases the potential for material noncompliance.

**Recommendation:** We recommend that the Caddo County Board of County Commissioners assign someone from each District the responsibility of keeping accurate records of federal awards received and expended and to provide these expenditures to the County Clerk's office.



**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Management Response:**

**Board of County Commissioners:** We will ensure that proper documentation will be supplied to the County Clerk to accurately complete the County's Schedule of Expenditures of Federal Awards.

**County Clerk:** Each County Official has been made aware of the importance of supplying the Caddo County Clerk's Office with accurate records of federal funds received and expended. Without accurate numbers it is impossible for the County Clerk's office to properly complete the SEFA.

**Criteria:** OMB A-133, Subpart C, § \_\_\_\_.300(b)(d) 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 a material effect on each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § \_\_\_\_.310.

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.

**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 2015-2 – Transfer of Funds and Noncompliance with State Statute**

**Condition:** The following transfer of funds, approved by the BOCC, was not repaid within the fiscal year.

- \$80,298 was transferred into County Highway T-8 to purchase a vehicle for District 3 along with \$25,582 to pay a lease-payment for District 1 totaling \$105,880. This total consists of transfers from the County Highway Fund in the amount of \$62,382 and CED Circuit Engineering in the amount of \$43,498.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the repayment of transfers within the fiscal year.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Effect of Condition:** These conditions resulted in noncompliance with state statute and funds not repaid in accordance with state statute.

**Recommendation:** OSAI recommends the County repay all transferred funds within the fiscal year the funds were borrowed.

**Management Response:**

**Board of County Commissioners District 1, 2, and 3:** We will work to ensure this is corrected in the future.

**Criteria:** 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 finds were transferred."

**Finding 2015-11 - Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories (Repeat Finding)**

**Condition:** Upon inquiry and observation of fixed assets inventory, we noted the following:

- Although an annual count of fixed assets is performed by District 1, District 2, District 3, County Treasurer, County Sheriff, County Assessor, and Court Clerk, fixed assets were not filed with the County Clerk in accordance with 19 O.S. § 178.2.
- Documentation of the annual fixed asset count performed by District 2 was not maintained.

Upon inquiry and observation of consumable inventory items for District 1, 2 and 3, we noted the following:

- District 1 and District 3 did not maintain documentation to support monthly consumable inventory counts.
- District 2 depends solely on the electronic fuel gauges; therefore, monitoring with regards to the receiving of and/or use of fuel was not present.

**Cause of Condition:** Policies and procedures have not been designed and implemented by county officers for the accurate reporting of fixed assets and consumable inventory items.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets and consumable inventories.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Recommendation:** OSAI recommends the County adopt policies and procedures and design and implement a system of internal controls over the fixed assets and consumable inventory records. These controls would include that all offices:

- Perform an annual inventory count.
- Retain documentation to verify the physical inventory counts were performed.
- Inventory count should be performed by someone other than the receiving officer or inventory officer.
- Fuel logs being maintained in each District.
- Perform a weekly reconciliation of fuel usage.

Further, OSAI recommends the County comply with 19 O.S. § 178.1 and 19 O.S. § 178.2 by maintaining inventory records and performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed asset recordkeeping process.

**Management Response:**

**County Commissioner District 1:** I will maintain documentation of the fixed assets count and file the list with the County Clerk. Documentation of the monthly consumable inventory count will be kept on hand.

**County Commissioner District 2:** I will maintain documentation of the fixed assets count and file the list with the County Clerk.

**County Commissioner District 3:** I will maintain documentation of the fixed assets count and file the list with the County Clerk. Documentation of the monthly consumable inventory count will be kept on hand.

**County Treasurer:** I will maintain documentation of the fixed assets count and file the list with the County Clerk.

**County Sheriff:** I will maintain documentation of the fixed assets count and file the list with the County Clerk.

**County Assessor:** I will maintain documentation of the fixed assets count and file the list with the County Clerk.

**Court Clerk:** I will maintain documentation of the fixed assets count and file the list 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.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Title 19 O.S. § 178.1 states, “The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming into the custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased or let where authorized by statute, junked, strayed or stolen, and annually thereafter, or oftener in event of death, resignation or removal of an elective officer with a term, to verify or cause to be verified by count and report of the same as of the end of a term of office and as part and parcel of the accounting required by law of a retiring or re-elected officer, and, as to appointive heads of departments amenable directly to the board of county commissioners and as to quasi-governmental boards and commissions such as free fair boards, hospital boards and the like, the same shall be as of the last business day immediately preceding the day certain commencing a new term of the board of county commissioners; all in the manner as provided by law.”

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

**Finding 2015-19 - Noncompliance Over the Budget of the Resale Property Fund**

**Condition:** Upon inquiry and observation, it was noted that the County Treasurer does not file an annual Resale Property Budget, also known as the “Financial Statement of the Resale Property Fund,” with the Board of County Commissioners (BOCC) for approval of said financial statement.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the process of preparing and filing an annual Financial Statement of the Resale Property Fund with the BOCC.

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

**Recommendation:** OSAI recommends the County Treasurer file an annual Financial Statement of the Resale Property Fund with the BOCC for approval in accordance with 68 O.S. § 3137(E).

**Management Response:**

**County Treasurer:** I will begin preparing a budget on the Resale Property fund.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds.

**CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Title 68 O.S. § 3137(E) states, “On or before the 30th of June of each year the county treasurer shall file a financial statement of the resale property fund with the county clerk for the approval of the board of county commissioners, setting forth the necessary reserves for expenditures either made or anticipated, to cover:

1. The cost of preparing and making delinquent tax publications, as hereinbefore set out;
2. The purchase of necessary records, printing and supplies and the payment of clerical hire, such reserves therefor, to be limited to the necessary expenses incurred by virtue of the authorization herein granted;
3. To pay claims and encumbrances for the upkeep, repair and maintenance of unsold properties;
4. To pay all rebates allowed under authority of statute by the board of county commissioners or the board of tax roll corrections upon taxes found to have been illegally or erroneously collected; and
5. To pay for tax sale certificates or issue of deeds on lands or lots on which no tax was due or as to which the sale thereof was illegal for any reason.”

**CADDO COUNTY, OKLAHOMA  
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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 2012-13 – 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.

**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.

**CADDO COUNTY, OKLAHOMA  
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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 2013-14 - 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

**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;

**CADDO COUNTY, OKLAHOMA  
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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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-

**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.



**CADDO COUNTY, OKLAHOMA  
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Status:** The federal program was not determined to be a major program based on expenditures for 2015; however, no corrective action has been taken by management.

**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 to be a major program based on expenditures for 2015; however, no corrective action has been taken by management.

**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-

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

**Status:** No corrective action taken.

**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

**CADDO COUNTY, OKLAHOMA  
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**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-

**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 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

**Finding Summary:** 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.

- 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.

**Status:** No corrective action taken.

**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-

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

**CADDO COUNTY, OKLAHOMA  
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Status:** No corrective action taken.



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