



CADDO COUNTY

Financial Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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



August 7, 2023

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma for the fiscal year ended June 30, 2022. 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.

This report is 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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**CADDO COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Board of County Commissioners

District 1 – Benny Bowling

District 2 – Jeff Boren

District 3 – Brent Kinder

County Assessor

Ladonna Phillips

County Clerk

Rhonda Johnson

County Sheriff

Spencer Davis

County Treasurer

Regina Moser

Court Clerk

Patti Barger

District Attorney

Jason Hicks

**CADDO COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on the Financial Statement

Adverse and Unmodified Opinions

We have audited the 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, 2022, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Caddo County, as of and for the year ended June 30, 2022, in accordance with the basis of accounting described in Note 1.

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, 2022, or changes in financial position for the year then ended.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Caddo County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by Caddo County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement 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 and pervasive.

Responsibilities of Management 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Caddo County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 Caddo County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Caddo County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The 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 supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2023, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caddo County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 24, 2023

REGULATORY BASIS FINANCIAL STATEMENT

CADDO COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 1,097,181	\$ 2,662,424	\$ 21,883	\$ 21,883	\$ 2,358,921	\$ 1,400,684
County Highway Unrestricted	2,170,671	6,334,950	-	-	5,293,946	3,211,675
Health	451,564	210,877	-	-	164,046	498,395
Resale Property	531,261	236,317	43,478	-	196,836	614,220
County Bridge and Road Improvements	658,623	543,723	-	-	313,702	888,644
Use Tax - Sales Tax	1,159,969	1,357,406	-	-	1,429,318	1,088,057
Treasurer Mortgage Certification Fee	24,565	6,115	-	-	3,509	27,171
County Clerk Lien Fee	212,620	42,980	-	-	18,972	236,628
Assessor Revolving Fee	9,810	2,038	-	-	-	11,848
Sheriff Service Fee	188,921	668,649	-	-	725,138	132,432
State Criminal Alien Assistance Program (SCAAP) Grant	289	-	-	-	-	289
Sheriff Forfeiture	4,420	1,565	-	-	918	5,067
County Clerk Records Management and Preservation	195,234	66,703	-	-	23,117	238,820
Jail Debt Payments	139,524	1,735,916	-	-	1,729,417	146,023
Extension Sales Tax	168,428	104,155	-	-	104,123	168,460
Sheriff Sales Tax	43,836	127,301	-	-	135,190	35,947
Courthouse Improvement Sales Tax	114,953	166,507	-	-	149,600	131,860
Fair Sales Tax	157,091	138,873	-	-	113,224	182,740
Fair Improvement Sales Tax	39,201	17,359	-	-	31,998	24,562
Rural Fire Sales Tax	310,284	138,873	-	-	100,540	348,617
Senior Citizens Sales Tax	86,108	127,301	-	-	139,739	73,670
Health Sales Tax	4,468	17,359	-	-	16,936	4,891
Ambulance Service District Sales Tax	141,876	578,639	-	-	509,094	211,421
911 Phone Fees	93,288	574,898	-	-	622,861	45,325
Emergency Management	14,000	22,500	-	-	1,494	35,006
Court Ordered Trust	10,394	21	-	-	-	10,415
County Building	44,777	5,000	-	-	-	49,777
Local Emergency Planning Committee	7,367	1,000	-	-	91	8,276
Community Service Program	152	-	-	-	-	152
CT-OBG Grant 2013	9	-	-	-	-	9
Reward Fund	200	-	-	-	-	200
Rental of County Property	2,965	-	-	-	-	2,965
Sheriff Commissary	45,291	189,350	21,883	21,883	211,717	22,924
Court Clerk Payroll	15,243	62,150	-	-	74,819	2,574
County Donations	357,215	52,718	-	-	286,699	123,234
General Government - Sales Tax	300,898	381,901	-	-	319,317	363,482
BIA	4,000	-	-	-	-	4,000
Federal Grants	2,793,736	2,798,984	-	-	187,483	5,405,237
Total - All County Funds	\$ 11,600,432	\$ 19,374,552	\$ 87,244	\$ 43,766	\$ 15,262,765	\$ 15,755,697

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, 2022**

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 within the financial statement:

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

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

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

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

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

Use Tax – Sales Tax – accounts for use tax collected and disbursed for the purpose of maintenance and operation of the government.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certifications to be disbursed as restricted by state statute.

County Clerk Lien Fee – accounts for the collection of lien fees to be disbursed as restricted by state statute.

Assessor Revolving Fee – accounts for the collection of monies by the Assessor to be disbursed as restricted by state statute for the visual inspection program.

Sheriff Service Fee – accounts for the collection of sheriff process service fees to be disbursed as restricted by state statute, the collection of funding from the State Department of Corrections and local police department to be disbursed as restricted by state statute; the collection of fees through the courts to be disbursed for administrative expenses and supervision of offenders; and for fees collected through the courts to be disbursed for courthouse security.

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

Sheriff Forfeiture – accounts for forfeitures to be disbursed for drug enforcement.

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

Jail Debt Payments – accounts for the collections of the three-quarter of one percent (3/4%) sales tax disbursed in accordance with sales tax ballot and agreements.

Extension Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax to be disbursed for OSU Extension services.

Sheriff Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for the Sheriff's office.

Courthouse Improvement Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for improvements of the courthouse.

Fair Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for operation of the township fairs.

Fair Improvement Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for improvements of the County fairgrounds and maintenance of the Fairground Facilities.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Rural Fire Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for maintenance and operation of the rural fire districts in the County.

Senior Citizens Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for the maintenance and operation of the Anadarko, Apache, Binger, Carnegie, Cement, Cyril, Fort Cobb and Hinton Senior Citizen Centers.

Health Sales Tax – accounts for the portion of the one-half of one percent (1/2%) sales tax collected to be disbursed for the maintenance and operation of the county health department.

Ambulance Service District Sales Tax – accounts for the one-quarter of one percent (1/4%) sales tax collected to be disbursed for maintenance and operation of the county ambulance services.

911 Phone Fees – accounts for monies received from telephone companies to maintain an emergency telephone system.

Emergency Management – accounts for federal funds to be disbursed for the purpose of the County’s emergency management program.

Court Ordered Trust – accounts for the collection from donation to be disbursed for maintenance and operations of the Caddo County Court System.

County Building – accounts for the collection of a lease-rental from county-owned property to be disbursed for maintenance of the property.

Local Emergency Planning Committee – accounts for federal funds collected to be disbursed for environmental control.

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

CT-OBF Grant 2013 – accounts for funds received from the Oklahoma Bar Foundation to be disbursed for court room renovations.

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

Rental of County Property – accounts for insurance reimbursements from the Association of County Commissioners to be disbursed for hail damage.

Sheriff Commissary – accounts for the collection of profits on commissary sales in the County jail to be disbursed for jail operations as defined by state statute.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

County Donations – accounts for the collection of donations received by the County to be disbursed in accordance with Board of County Commissioner resolutions.

General Government – Sales Tax – accounts for the collections of a portion of the one-half of one percent (1/2%) sales tax established as a separate fund by the County to be disbursed in accordance with sales tax ballot.

BIA – accounts for funds received from the Bureau of Indian Affairs to be disbursed for county road maintenance.

Federal Grants – accounts for monies received from the American Rescue Plan Act and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

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 allows 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, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

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

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

3. Other Information

A. Pension Plan

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

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

B. Other Post-Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

D. Sales Tax

Sales Tax of March 6, 2018

Caddo County voters approved a continuation of a one-half of one percent (1/2%) sales tax effective March 6, 2018 for a duration of five (5) years, with a change in distribution among various entities. The proceeds of said tax is to be allocated for exclusive use as follows: County General Fund 33%; OSU Extension 9%; Free Fair and Livestock Show 6%; Free Township Fairs 6%; Courthouse Maintenance 9%; Sheriff's Office 11%; Rural and Local Firefighting Programs 12%; County Health Department 1.5%; Senior Citizen Nutrition Centers 11%; and Caddo County Fairgrounds and Facilities 1.5%.

These funds are accounted for in the following funds: General Government Sales Tax fund, Extension Sales Tax fund, Fair Sales Tax fund, Courthouse Improvement Sales Tax fund, Sheriff Sales Tax fund, Rural Fire Sales Tax fund, Health Sales Tax fund, Senior Citizens Sales Tax fund, and Fair Improvement Sales Tax fund.

Sales Tax of June 13, 2017

Caddo County voters approved a continuation of a one-quarter of one percent (1/4%) sales tax, effective July 1, 2017 for the duration of five (5) years, expiring June 30, 2022 for the sole purpose of acquiring, equipping, repairing, renovating, operating, maintaining, and advancing ground ambulance services. These funds are accounted for in the Ambulance Service District Sales Tax fund.

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 renovation, expansion, construction, and equipping the Caddo County Detention Facility, Courthouse Improvements, including additional space in the courthouse to provide a 911 dispatch center and a County wide dispatch center, with \$200,000 of bond proceeds to go toward the construction of a new Oklahoma State University Extension Center for Caddo County, and operating and maintaining the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses.

A portion of such sales tax, three-eighths (.375) of one percent shall have a limited durations of thirty (30) years from the date of commencement, or until the principal and interest upon indebtedness incurred on behalf of Caddo County by the Caddo County Governmental Building Authority in furtherance of the County Detention Facility and courthouse improvements is paid in full, whichever occurs earlier. In September 2010, the Caddo County Government Building Authority

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

issued \$17,170,000 Sales Tax Revenue Bonds to pay for the construction of the Caddo County Detention Facility and County Courthouse renovation.

The remaining portion three-eighths (.375) of one percent will continue until repealed by a majority of Caddo County Electors to be allocated for the operations and maintenance of the county detention facility and county wide dispatch center and other public safety expenses; making provisions separable; and declaring an emergency. These funds are accounted for in the Jail Debt Payments fund

E. Interfund Transfers

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

- \$21,883 was transferred from the County General fund to the Sheriff Commissary fund for the purpose of funding operating expenses in accordance with 68 O.S. § 3021.
- \$21,883 was transferred from the Sheriff Commissary fund to the County General fund for the purpose of reimbursement for operating expenses in accordance with 68 O.S. § 3021.
- \$43,478 was transferred from Excess Resale (a Trust and Agency Fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.

SUPPLEMENTARY INFORMATION

CADDO COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 585,439	\$ 581,611	\$ 3,828
County Treasurer	233,575	230,944	2,631
County Commissioners	19,751	19,751	-
County Clerk	277,800	274,977	2,823
Court Clerk	269,719	260,226	9,493
County Assessor	279,038	255,726	23,312
Visual Inspection	387,795	297,490	90,305
Juvenile Shelter Bureau: Detention	105,724	55,147	50,577
General Government	510,301	180,101	330,200
Excise - Equalization Board	5,800	2,923	2,877
County Election Expense	103,535	88,385	15,150
County Jail	74,563	74,563	-
Total Expenditures, Budgetary Basis	\$ 2,853,040	\$ 2,321,844	\$ 531,196

The note to supplemental information is an integral part of this statement.

CADDO COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 564,904	\$ 188,772	\$ 376,132
Total Expenditures, Budgetary Basis	\$ 564,904	\$ 188,772	\$ 376,132

The note to supplemental information is an integral part of this statement.

**CADDO COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents 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 Statement of Receipts, Disbursements, and Changes in Cash Balances 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.

INTERNAL CONTROL AND COMPLIANCE SECTION



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 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 total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Caddo County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 24, 2023.

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 as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on 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) as a basis for designing 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.

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. *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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness: 2022-005.

Report on 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 financial statement. 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 responses as item 2022-005.

We noted certain matters regarding statutory compliance that we reported to the management of Caddo County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Caddo County's Response to Findings

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

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 results 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 24, 2023.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Finding 2022-005 – Lack of Internal Controls and Noncompliance Over the Payroll and Disbursement Process (Repeat Finding 2009-002, 2010-002, 2011-002, 2012-005, 2013-005, 2014-005, 2015-005, 2016-005, 2017-005, 2018-005, 2019-005, 2020-005, 2021-005)

Condition: The County does not have an adequate segregation of duties over payroll to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Further, the audit of thirty-four (34) disbursements, reflected the following:

- Two (2) disbursements were not properly encumbered in accordance with state statutes and did not include the date of when the issuance and encumbrance of the purchase order was made.
- Two (2) disbursements were not properly encumbered in accordance with state statutes.
- Although one (1) disbursement was reviewed and authorized by the Board of County Commissioners, the date the Governing Board approved the purchase order and the date it was considered for payment was not present.

Further, in the review of ten (10) sales-tax disbursements reflected the following:

- One (1) disbursement had no supporting documentation.

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

Effect of Condition: This condition resulted in noncompliance with state statute which could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation 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 the office operations and a review of said operations while maintaining supporting documentation of designed and implemented internal controls. Further, OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Management Response:

County Clerk: We will work to properly segregate all the duties over payroll and disbursements.

Chairman, Board of County Commissioners: The Board of County Commissioners will express to all County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services and the maintaining of invoices and documentation.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

The GAO Standards – Principle 10 – Design Control Activities – Design of Appropriate Types of Control Activities – 10.03 states in part:

Segregation of Duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk.

Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

SECTION 2—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 2022-002 - Lack of Internal Controls and Noncompliance Over Protest Tax (Repeat Finding - 2021-002)

Condition: Upon inquiry and observation of the ad valorem tax collections, it was noted that a total of \$2,194,102 in protest taxes was received during the 2022 fiscal year. \$1,517,584 received in December 2021 and \$676,518 received in March 2022 was not entered into the county ad valorem tax system and; therefore, it was not reflected as collected on the Tax Paid Summary Report provided by the Treasurer. Additionally, the tax records incorrectly reflected 86.20% collections in fiscal year 2022 compared to 97.62% collections for the fiscal year 2021 and 97.55% collections for the fiscal year 2020.

Cause of Condition: Policies and procedures have not been designed to document and retain evidence of procedures performed to ensure ad valorem tax levies are accurately entered into the system.

Effect of Condition: These conditions resulted in noncompliance with state statute which resulted in tax collections being understated. Further, these conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the County Treasurer design and implement a system of internal controls to provide reasonable assurance that protest taxes are entered into the County tax system.

Management Response:

County Treasurer: We will ensure any protest tax received will be entered into the county tax system and reflected on the County’s Collection Summary Report.

Criteria: The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

Definition of Internal Control

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Additionally, the GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Also, Title 68 O.S. § 2884 states in part:

(B.) When such taxes are paid, or by December 31, whichever is earlier, the persons protesting the taxes shall give notice to the county treasurer that an appeal involving such taxes has been taken and is pending and shall set forth the total amount of tax that has been paid under protest or required by law to be paid prior to April 1 that will be paid under protest.

(C.) It shall be the duty of the county treasurer to hold taxes paid under protest separate and apart from other taxes collected. Any portion of such taxes not paid under protest shall be apportioned as provided by law. Except as otherwise provided for in this subsection, the treasurer shall invest the protested taxes in the same manner as the treasurer invests surplus tax funds not paid under protest but shall select an interest-bearing investment medium which will permit prompt refund or apportionment of the protested taxes upon final determination of the appeal.

(D.1.) Prior to January 31 of each year, the county treasurer shall determine the amount of ad valorem taxes paid under protest and those ad valorem taxes that will be paid under protest pursuant to subsection B of this section.

Lastly, The Handbook for County Treasurer – Chapter 12: Collecting Protested Taxes states in part:

For all protest tax payment situations, the County Treasurer must perform the following actions:

- Enter the protested payment and protest numbers in the Protest Tax Record.
- Hold the portion of the tax payment that is being paid under protest in a tax protest account. The funds in this account are not apportioned pending the court order regarding the protest appeal. Protested tax monies should be invested in the same way as surplus tax funds not paid under protest...

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Finding 2022-009 – Noncompliance Over Sheriff Commissary

Condition: Upon inquiry and observation of the Sheriff Commissary fund the following exceptions were noted:

- Phone proceeds from the commissary vendor was deposited into the Sheriff Commissary fund instead of deposited into the Sheriff Service Fee fund in accordance with 19 O.S. § 180.43E.
- An annual report for the Sheriff Commissary fund was not prepared and filed with the Board of County Commissioners by January 15th.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the Sheriff Commissary fund.

Effect of Condition: This condition resulted in noncompliance with state statutes.

Recommendation: OSAI recommends management be aware of these conditions. Phone proceeds should be deposited with the County Treasurer for apportionment and appropriation into the Sheriff Service Fee fund in accordance with 19 O.S. § 180.43E.

Further, an annual report of the Sheriff Commissary fund should be prepared and filed with the Board of County Commissioners in accordance with 19 O.S. § 180.43D.

Management Response:

County Sheriff: We are aware of the conditions and will work towards submitting a yearly commissary report to the Board of County Commissioners by January 15. We will ensure the yearly commissary report reconciles to the County Treasurer's General Ledger. We will also ensure any phone proceeds are deposited into the Sheriff Service Fee account.

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

Title 19 O.S. § 180.43D states in part, "Each county sheriff may operate...a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year..."

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Title 19 O.S. § 180.43E states in part, “Each county sheriff may operate, or contract the operation of, a telephone system for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Service Fee Account. Such funds may be expended according to the guidelines previously established for expenditures from the general fund. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims.”

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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