

CADDO COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105.B, thirteen (13) copies have been prepared and distributed at a cost of \$43.33. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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September 28, 2010

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma for the fiscal year ended June 30, 2008. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Caddo County	iii
County Officials and Responsibilities.....	iv
Ad Valorem Tax Distribution	ix
Computation of Legal Debt Margin.....	x
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	xi
Assessed Value of Property	xii

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information)	3
Notes to the Financial Statement.....	4

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	14
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	16
Notes to Other Supplementary Information	17
Schedule of Expenditures of Federal Awards	18
Note to the Schedule of Expenditures of Federal Awards	19

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

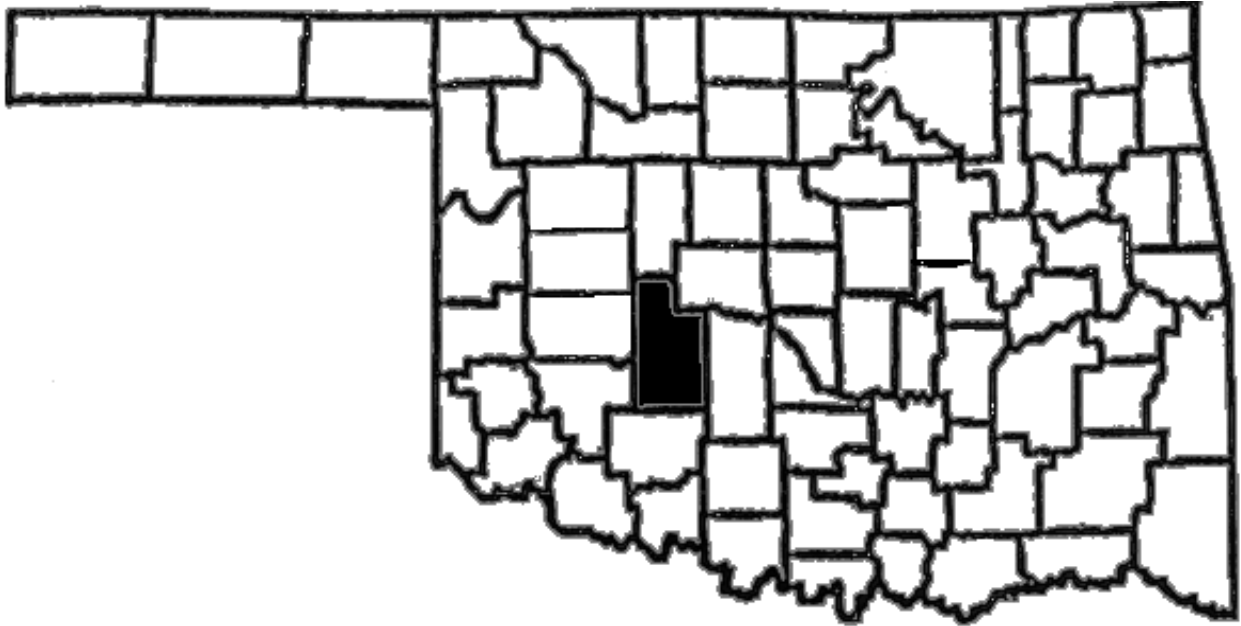
INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 20

Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133 22

Schedule of Findings and Questioned Costs 24

**REPORT TO THE CITIZENS
OF
CADDO COUNTY, OKLAHOMA**



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.

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

County Seat - Anadarko

Area – 1,290.31 Square Miles

County Population – 30,229
(2005 est.)

Farms – 1,504

Land in Farms – 710,833 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

**CADDO COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COUNTY ASSESSOR

Sandra Crumm

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

COUNTY CLERK

Patrice Dolch

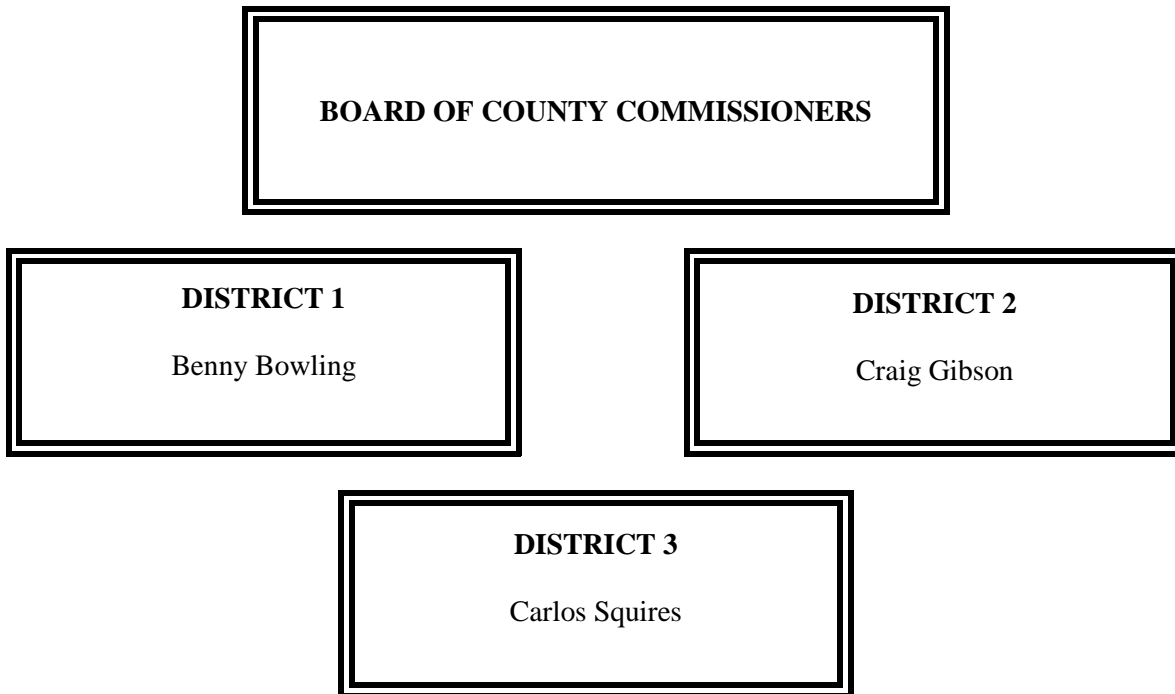
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**CADDO COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**CADDO COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COUNTY SHERIFF

Gene Cain

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

COUNTY TREASURER

Stan Jennings

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**CADDO COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COURT CLERK

Opal Carol Finch

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY

Bret Burns

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**CADDO COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

ELECTION BOARD SECRETARY

Jean Anne McKee

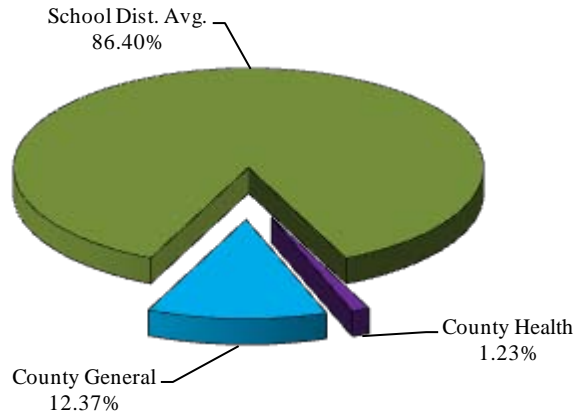
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**CADDO COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Career Tech	EMS	Common	Total
County General	10.24									
County Health	1.02	Anadarko	I-20	35.57	5.08	8.17	11.26		4.10	64.18
		Hydro-Eakly	I-11	36.01	5.14	14.10	11.26		4.10	70.61
		Apache-Boone	I-56	35.86	5.12	20.72	11.26		4.10	77.06
		Ft. Cobb-Broxton	I-167	36.26	5.18	4.24	11.26		4.10	61.04
		Lookeba-Sickles	I-12	36.32	5.19	11.86	11.26	3.08	4.10	71.81
		Binger-Oney	I-168	35.98	5.14	8.94	11.26	3.08	4.10	68.50
		Binger	I-168V6	35.98	5.14	8.94	15.36	3.08	4.10	72.60
		Carnegie	I-33	36.03	5.15	13.58	11.26		4.10	70.12
		Cyril	I-64	35.62	5.09	14.73	11.26		4.10	70.80
		Gracemont	I-86	36.94	5.28	10.02	11.26		4.10	67.60
		Cement	I-160	35.67	5.10	15.68	11.26		4.10	71.81
		Hinton	I-161V2	35.59	5.08	21.09	11.26	3.08	4.10	80.20
		Hinton (Can)	I-161V6	35.59	5.08	21.09	15.36	3.08	4.10	84.30
		Grady	Jt 2 V6	35.97	5.14	24.86	15.36		4.10	85.43
		Corn	Jt 11/6/9V9	35.50	5.07	19.19	11.15		4.10	75.01
		Washita	Jt 9	36.48	5.21	7.01			4.10	52.80
		Grady	Jt 99V2	35.66	5.09	9.97	11.26		4.10	66.08
		Grady	Jt 131	35.02	5.00	14.69	15.36		4.10	74.17

See independent auditor's report.

**CADDO COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Total net assessed value as of January 1, 2007		<u>\$ 136,780,592</u>
Debt limit - 5% of total assessed value		6,839,030
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 6,839,030</u>

See independent auditor's report.

**CADDO COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

	2008
Estimated population	30,229
Net assessed value as of January 1, 2007	\$ 136,780,592
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**CADDO COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$46,842,535	\$31,416,505	\$64,623,102	\$6,101,550	\$136,780,592	\$1,115,327,379

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

We have audited the combined totals—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, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Caddo County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Caddo County as of June 30, 2008, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Caddo County for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2010, 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statement. The schedule of expenditures of federal awards has not been subjected to the auditing procedures applied in the audit of the basic financial statement because management was unable to provide sufficient documentation to support the schedule of expenditures of federal awards for the Disaster Grants – Public Assistance (97.036), and, accordingly, we express no opinion on the schedule of expenditures of federal awards. The other supplementary information, as listed in the table of contents, which includes the combining information referred to above, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 26, 2010

Basic Financial Statement

CADDO COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balances June 30, 2008
Combing Information:						
County General Fund	\$ 605,851	\$ 2,759,849	\$	\$	\$ 2,441,468	\$ 924,232
Resale Property	62,808	91,096			89,831	64,073
County Highway Cash	4,643,090	10,395,147		26,000	9,107,174	5,905,063
County Road Fund	467,203	358,381			337,311	488,273
County Use Tax	24,945	149,972			138,160	36,757
Trash Cop Grant	5,000					5,000
Local Environmental Planning Commission	3,355					3,355
County Health Department	110,596	145,505			216,600	39,501
Treasurer Mortgage Tax Certification Fee	31,415	5,699			2,799	34,315
Community Service Sentencing Program	152					152
County Clerk Lien Fee	76,615	67,202			23,607	120,210
Assessor Visual Inspection	205					205
Assessor Revolving	20,926	3,635			21,357	3,204
Sheriff Service Fee	135,025	233,551			229,059	139,517
Sheriff Board of Prisoners	42,443	327,488			309,296	60,635
Sheriff Reserve Deputy	6					6
Sheriff COP Grant	972					972
Sherriff OJP Great Grant		40,000			34,207	5,793
Sherriff OJP JAG Grant		12,045			12,045	
Sheriff Special Response Team	7,028	3,250			1,137	9,141
Sheriff Southwestern Bell Corporation	13,354	13,000			25,870	484
Homeland Courthouse Security Grant		26,000	26,000		25,993	26,007
Sheriff SCAAP Grant		5,229			2,579	2,650
REAP District 1		61,849			61,849	
REAP - Alfalfa	20,185	204			20,389	
E-911 Account	17,665	22,577			17,911	22,331
County Clerk Records Preservation Fee	84,641	63,118			57,560	90,199
OSU Sales Tax	421,710	171,332			156,234	436,808
Sheriff Sales Tax	106,319	252,034			169,533	188,820
Capital Improvement Sales Tax	552,702	88,539			240,979	400,262
Grandstand Sales Tax	34,333				350	33,983
Free Fair Sales Tax	64,891	120,967			81,332	104,526
Township Fair Sales Tax	46,629	110,268			101,219	55,678
Rural Fire Sales Tax	66,660	157,541			144,644	79,557
Senior Nutrition Sales Tax	46,630	110,268			101,220	55,678
Senior Citizen Sales Tax	78,183	101,220			102,750	76,653
Health Sales Tax	56,595	39,381			73,702	22,274
Ambulance Sales Tax		717,990			567,867	150,123
Civil Emergency	6,505	2,750			6,739	2,516
Caddo County Industrial Authority Sinking	1	4			5	
Court Clerk Revolving	187,880	48,067			14,160	221,787
Drug Court Fund	2,036	2,779			1,397	3,418
REAP-911	22,329				22,329	
Sheriff Courthouse Security	6,383	13,307			1,452	18,238
E-911-5	30,795	90,274			8,318	112,751
Veterans Statue	1,951	20			300	1,671
Bridgeport CIP CDBG		2,500			2,500	
Emergency Management SLA		4,800			4,800	
Combined Total--All County Funds	\$ 8,106,012	\$ 16,818,838	\$ 26,000	\$ 26,000	\$ 14,978,032	\$ 9,946,818

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, 2008**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Caddo County, Oklahoma. The financial statement referred to includes only the primary government of Caddo County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. 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. The other funds presented account for financial resources whose use is restricted for specified purposes.

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 funds included as supplementary information within the financial statement:

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

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

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

County Road Fund - accounts for state receipts and disbursements for the purpose of constructing bridges.

County Use Tax - accounts for tax collected and disbursed for the purpose of maintenance and operation of the Sheriff's department.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Trash Cop Grant - accounts for federal funds collected and disbursed for the purpose of trash patrol.

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

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

Treasurer Mortgage Tax Certification Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

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

County Clerk Lien Fee - accounts for lien collections and disbursements as restricted by statute.

Assessor Visual Inspection - accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

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

Sheriff Service Fee - accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

Sheriff Board of Prisoners – accounts for the collection of funding through the State Department of Corrections for maintaining prisoners.

Sheriff Reserve Deputy - accounts for collection of donations and disbursements for equipment for the reserve deputies.

Sheriff COP Grant – accounts for all grants for the purpose of deputy's salaries.

Sheriff OJP Great Grant - accounts for federal grant funds for salaries and expenses for the Gang Resistance and Education Training.

Sheriff OJP JAG Grant - accounts for federal justice assistance grant funds for overtime for deputies, jailers and dispatchers.

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Sheriff Southwestern Bell Corporation - accounts for fees for calling from inmates and collected by Southwestern Bell Corporation.

Homeland Courthouse Security Grant - accounts for federal grant funds for the purpose of a security camera system for the courthouse.

Sheriff SCAAP Grant – accounts for federal grant funds for the purpose of housing illegal alien criminals in the jail.

REAP – District 1 – accounts for state grants for the West Caddo Conservation District.

REAP – Alfalfa - accounts for state grants for the purpose of fire equipment for Alfalfa Rural Fire Department.

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 Fee – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

OSU Sales Tax – accounts for county sales tax collected and disbursed for OSU Extension services.

Sheriff Sales Tax – accounts for county sales tax collected and disbursed for the Sheriff's office.

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

Grandstand Sales Tax – accounts for county sales tax collected and disbursed for improvement for the County grandstands.

Free Fair Sales Tax – accounts for county sales tax collected and disbursed for improvement for the County fairgrounds.

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

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

Senior Nutrition Sales Tax – accounts for county sales tax collected and disbursed for maintenance and operation of county senior nutrition centers.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Senior Citizen Sales Tax – accounts for county sales tax apportioned to the individual senior citizen centers.

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

Ambulance Sales Tax – accounts for county sales tax collected and disbursed for maintenance and operation of the County Ambulance.

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

Caddo County Industrial Authority Sinking – accounts for the payment of interest and principal on the matured portion of any long-term bonded debt. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments. There are no principal payments left to pay.

Court Clerk Revolving – accounts for the collection of service fees for each warrant issued. Disbursements are made in accordance with state statutes to defray the expense of the court.

Drug Court Fund – accounts for the collection of fees from court costs and is disbursed for drug screenings for inmates going to drug court.

REAP-911 – accounts for state grants for the purpose of maintaining an emergency telephone system.

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

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

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

Bridgeport CIP CDBG – accounts for federal grant funds for the capital improvement plan for the town of Bridgeport.

Emergency Management SLA – accounts for federal grant funds for radios for the Emergency Management.

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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.

C. Basis of Accounting

The basic 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 cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

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).

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly and is paid upon the employee's separation of employment with the County.

The County does not record any liability for sick leave. An employee earns up to 12 days per year and may accumulate up to 60 days (420 hours for courthouse employees and 480 hours for Commissioners and law enforcement employees). Accrued sick leave is not paid upon employee's separation of employment with the County.

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."

The assessed value of property located in Caddo County on January 1, 2007, was approximately \$136,780,592.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.24 mills for general fund operations and 1.02 mills for county health department. In addition, the County collects the ad valorem taxes assessed by emergency medical districts, cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

Current year tax collections for the year ended June 30, 2008, were approximately 87.8 percent of the tax levy.

3. Fuel Tax

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.

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		

ACCO-SIG – The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating member chooses a deductible amount (\$10,000, \$25,000, or \$50,000). The County has chosen a \$25,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

legitimate claims in excess of the County's deductible amount. The pool has acquired specific excess insurance with retention limits of \$250,000 for property claims and \$500,000 for general liability claims. The pool has acquired reinsurance in the amount of \$2,000,000 for general liability and \$50,000,000 per occurrence for property to cover claims that exceed the pool's retention limits. If claims exceed pool assets, the County could be liable for its share of the pool's deficit. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery acquired.

6. 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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$473,276, \$432,912, and \$387,656, respectively, equal to the required contributions for each year.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

7. 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.

8. 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. Amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined, although, the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

9. Sales Tax

Caddo County voters approved a .50% sales tax effective January 1, 2005. This sales tax will expire January 1, 2010. The sales tax was established to provide revenue in the following manner:

Caddo County General Fund	35.00%
OSU Extension and 4-H Office	10.00%
Caddo County Free Fair and Caddo County Livestock Show	7.00%
Caddo County Free Township Fairs	7.00%
Capital Improvements for Caddo County Courthouse including Repair and Maintenance thereof	5.50%
Office of the Sheriff, Caddo County	16.00%
Rural and Volunteer Firefighting Programs	10.00%
Caddo County Health Department	2.50%
Senior Citizen Nutrition Centers	7.00%

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Caddo County voters also approved a one quarter on one percent sales tax for the Ambulance, effective the first day of June 2007. This sales tax will expire May 31, 2012.

10. Interfund Transactions

Operating transfers consist of \$26,000 transferred from County Highway to the Homeland Courthouse Security Grant. This transfer was used to temporarily borrow funds, but was not transferred back by June 30, 2008.

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, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 605,851	\$ 605,851	\$ 605,851	\$ -
Less: Prior Year Outstanding Warrants	(68,568)	(68,568)	(68,568)	
Less: Prior Year Encumbrances	(7,970)	(7,970)	(4,299)	3,671
Beginning Cash Balances, Budgetary Basis	<u>529,313</u>	<u>529,313</u>	<u>532,984</u>	<u>3,671</u>
Receipts:				
Ad Valorem Taxes	1,291,722	1,291,722	1,301,996	10,274
Sales Tax	428,267	428,267	539,714	111,447
Charges for Services	251,833	251,833	276,068	24,235
Intergovernmental Revenues		32,921	300,641	267,720
Miscellaneous Revenues			341,430	341,430
Total Receipts, Budgetary Basis	<u>1,971,822</u>	<u>2,004,743</u>	<u>2,759,849</u>	<u>755,106</u>
Expenditures:				
County Sheriff	<u>728,358</u>	<u>729,101</u>	<u>728,842</u>	<u>259</u>
County Treasurer	<u>149,618</u>	<u>157,457</u>	<u>157,380</u>	<u>77</u>
County Clerk	<u>200,100</u>	<u>200,100</u>	<u>191,710</u>	<u>8,390</u>
Court Clerk	<u>172,808</u>	<u>172,808</u>	<u>170,746</u>	<u>2,062</u>
County Assessor	<u>152,116</u>	<u>168,342</u>	<u>149,785</u>	<u>18,557</u>
Revaluation of Real Property	<u>207,327</u>	<u>173,585</u>	<u>172,835</u>	<u>750</u>
Juvenile Shelter	<u>65,704</u>	<u>65,200</u>	<u>33,463</u>	<u>31,737</u>
General Government	<u>754,042</u>	<u>794,829</u>	<u>735,690</u>	<u>59,139</u>
Excise-Equalization Board	<u>3,300</u>	<u>3,300</u>	<u>2,166</u>	<u>1,134</u>
County Election Board	<u>54,084</u>	<u>55,656</u>	<u>52,303</u>	<u>3,353</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**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, 2008**

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
County Audit Budget	<u>13,678</u>	<u>13,678</u>	<u>13,678</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>2,501,135</u>	<u>2,534,056</u>	<u>2,408,598</u>	<u>125,458</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	884,235	<u>\$ 884,235</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			2,409	
Add: Current Year Outstanding Warrants			<u>37,588</u>	
Ending Cash Balance			<u>\$ 924,232</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**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, 2008**

	County Health Department Fund			
	Original	Final		Variance
	Budget	Budget	Actual	
Beginning Cash Balances	\$ 110,596	\$ 110,596	\$ 110,596	\$ -
Less: Prior Year Warrants	(28,562)	(28,562)	(28,562)	
Less: Prior Year Encumbrances	(2,084)	(2,084)	(2,133)	(49)
Beginning Cash Balances, Budgetary Basis	<u>79,950</u>	<u>79,950</u>	<u>79,901</u>	<u>(49)</u>
Receipts:				
Ad Valorem Taxes	126,833	126,833	136,782	9,949
Charges for Services			8,359	8,359
Miscellaneous			364	364
Total Receipts, Budgetary Basis	<u>126,833</u>	<u>126,833</u>	<u>145,505</u>	<u>18,672</u>
Expenditures:				
Health and Welfare	206,783	206,783	188,975	17,808
Total Expenditures, Budgetary Basis	<u>206,783</u>	<u>206,783</u>	<u>188,975</u>	<u>17,808</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis				
	<u>\$ -</u>	<u>\$ -</u>	36,431	<u>\$ 36,431</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			1,910	
Add: Current Year Outstanding Warrants			1,160	
Ending Cash Balance			<u>\$ 39,501</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule. See independent auditor's report.

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Budgetary Schedule

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.

**CADDO COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's Program - CDBG	14.228	12782	\$ 2,500
Total U.S. Department of Housing and Urban Development			
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	12,409
Total U.S. Department of Interior			
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grants:			
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	5,229
Bulletproof Vest Partnership Program	16.607	N/A	3,826
Gang Resistance Education and Training (GREAT)	16.737	N/A	34,207
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,038
Total U.S. Department of Justice			55,300
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through the State Department of Emergency Management:			
Disaster Grants - Public Assistance	97.036	PA 1678	257,248
Disaster Grants - Public Assistance	97.036	PA 1707	73,718
Disaster Grants - Public Assistance	97.036	PA 1712	40,251
Disaster Grants - Public Assistance	97.036	PA 1718	1,603,182
Disaster Grants - Public Assistance	97.036	PA 1735	17,805
Total CFDA #97.036			1,992,204
Emergency Management Performance Grants	97.042	76968	7,550
Passed through the State Office of Homeland Security:			
Homeland Security Grant Program	97.067	OKLETP75.007	25,993
Total U.S. Department of Homeland Security			2,025,747
Total Expenditures of Federal Awards			\$ 2,095,956

**CADDO COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards has been prepared in conformity with the requirements set forth in the Single Audit Act of 1984, Public Law 98-502, the Single Audit Act Amendments of 1996, Public Law 104-156 and the Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity is the primary government of Caddo County as presented in the basic financial statement.

B. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of Caddo County and is presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, except as noted below:

1. Expenditures for FEMA Public Assistance, the only major federal program, are estimates based on the amount of FEMA funds disbursed to the County by Oklahoma Emergency Management (OEM), and as adjusted for OEM voided claims and amounts that were disbursed directly by OEM to the Caddo County Rural Water District #3.
2. The amount reported as “expenditures” for Payment in Lieu of Taxes is the amount received by the County “in lieu” of property taxes for federally owned property within the County.
3. The County receives the State Criminal Alien Assistance Program (SCAAP) based on a per diem rate for criminal aliens incarcerated by the Caddo County Sheriff’s Office. The amount reported as “expenditures” is the amount received under the SCAAP program.

INTERNAL CONTROL AND COMPLIANCE SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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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 the combined totals—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, 2008, which 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 July 26, 2010. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caddo County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters 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 response 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 response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Caddo County and should not be used 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.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 26, 2010

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Compliance

We were engaged to audit 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 are applicable to each of its major federal programs for the year ended June 30, 2008. Caddo County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Caddo County's management.

As described in item 2008-6, in the accompanying schedule of findings and questioned costs, management was unable to provide sufficient documentation to support the compliance of Caddo County with the Disaster Grants – Public Assistance (97.036) regarding their compliance with the OMB Circular A-133's Matrix of Compliance Requirements, nor were we able to satisfy ourselves as to Caddo County's compliance with those requirements by other auditing procedures.

Because of the effects of such noncompliance, with the requirements of the Disaster Grants – Public Assistance (97.036) regarding their compliance with the OMB Circular A-133's Matrix of Compliance Requirements, we were unable to apply other auditing procedures regarding the accuracy of its major federal program for the year ending June 30, 2008. The scope of our work was not sufficient to express, and we do not express, an opinion on Caddo County's compliance with the requirements described in OMB *Circular A-133 Compliance Supplement* that are applicable to its major federal program.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-5 and 2008-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Caddo County's response 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 response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of Caddo County, federal awarding agencies, and pass-through entities and should not be used 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.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

July 26, 2010

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?..... None Reported

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

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

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

CFDA Number(s)
97.036

Name of Federal Program or Cluster
Disaster Grants - Public Assistance

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, 2008**

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*

None Reported

SECTION 3—Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2008-5 – Federal Awards – Schedule of Expenditures of Federal Awards

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD YEAR: 2008

CONTROL CATEGORY: All

QUESTIONED COSTS: \$-0-

Criteria: OMB Circular A-133§__.300 states that the auditee shall:

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.

OMB Circular A-133§__.310(b) states in part:

The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements... At a minimum, the schedule shall:

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the schedule.

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

Condition: The County has not designed and implemented formal internal controls for the reporting of its major program for Disaster Grants - Public Assistance received for the ice storm and flood disasters that occurred in 2007, as required by OMB Circular A-133. In particular, the County has not designed an accounting system or year-end process to accumulate and report its "in-kind" labor and equipment charges.

Effect: This condition could result in a misstatement of the Schedule of Expenditures of Federal Awards.

Recommendation: OSAI recommends the County establish internal controls to ensure all Federal awards are properly accounted for and reported on the Schedule of Expenditures of Federal Awards.

Views of responsible officials and planned corrective actions: The County has daily activity sheets used for in-kind labor and equipment charges.

OSAI Response: Although one District did maintain some daily activity sheets for in-kind labor and equipment charges, a formal accounting system of accumulating those charges for each project has not been implemented as is required by OMB A-133, section 300. Additionally, District 1 and District 3 have stated that FEMA representatives instructed them not to keep records as noted in the corrective action for Finding 2008-6.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding 2008-6 – Federal Awards – Schedule of Expenditures of Federal Awards

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management
FEDERAL AGENCY: United States Department of Homeland Security
CFDA NO: 97.036
FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: All
QUESTIONED COSTS: \$220,479

Criteria: OMB Circular A-133§__.300 states that the auditee shall:
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.

FEMA Public Assistance Guide; Chapter 5, page 137, Project Management, Record Keeping states in part:

It is critical that the applicant establish and maintain accurate records of events and expenditures related to disaster recovery work....This information should include the completed PW; completed Special Considerations Questions form; estimated and actual costs; force account labor; force account equipment, materials, and purchases; photographs of damage, work underway, and work completed; insurance information; environmental and/or historic alternatives and hazard mitigation opportunities considered; environmental review documents; receipt and disbursement documents; and records of donated goods and services, if any.

Condition:

1. County Road Districts 1 and 3 kept no project files to document expenditures of FEMA disaster assistance for Disaster #1678, the January 2007 ice storm. Questioned costs: \$205,388
2. County Road District 1 could not produce any project files to document expenditures of FEMA disaster assistance for Disaster #1707, the May 4-11, 2007 flooding and storms. Questioned costs. \$12,322
3. Two state payments for Disaster #1718 could not be confirmed as being received by the County Treasurer and are unaccounted for as questioned costs.

OEM claim #26947	\$2,663
OEM claim #26948	\$ 106

Effect: The County was unable to document how they complied with the compliance requirements for the Disaster Grants – Public Assistance.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Recommendation: OSAI recommends the County establish internal controls to ensure all Federal awards are properly accounted for and reported on the Schedule of Expenditures of Federal Awards. OSAI also recommends FEMA files for each project worksheet on the listed disasters be maintained to provide evidence that the auditee is properly managing the Federal awards and is in compliance with OMB Circular A-133's Matrix of Compliance Requirements.

Views of responsible officials and planned corrective actions:

1. FEMA Field Agent instructed District 1 and 3 that they did not have to keep records.
2. FEMA Field Agent instructed District 1 that they did not have to keep records.
3. Treasurer did not receive these funds.

OSAI Response: Auditors have heard similar accounts of erroneous instructions from FEMA damage assessment contractors. Particularly in connection with the January 2007 ice storm disaster (DSR 1678), county officials and employees have frequently related to auditors that they were told their county "would not have to keep records on small projects if the county would accept a 'reduced rate option,'" or words to that effect. At the time, small projects for DSR 1678 were defined as those with repairs costing less than \$59,700. However, management should review requirements and follow-up on any discrepancies of instructions given by FEMA damage assessment contractors. Management should contact the granting agency to get further explanation of instructions and the grant requirements.

SECTION 4 —This section contains certain matters not required to be reported in accordance with *Government Auditing Standards* or OMB A-133. 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 2008-1 – Segregation of Duties

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

Condition: Based on inquiries of County personnel and testwork performed on the County's fiduciary funds, which are not reported on the County's basic financial statement, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the following county offices were not properly segregated to assure adequate internal control structure.

The County Treasurer has one deputy that performs the duties of receipting, recording, depositing and issuing vouchers for the County Treasurer's official depository accounts.

The County Assessor has one deputy that performs the duties of receipting, recording, depositing and issuing vouchers for the County Assessor's official depository accounts.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The County Commissioners' office has one employee that performs the duties of receipting, recording, depositing and issuing vouchers for the Caddo County Commissioners' official depository accounts.

The County Commissioners' office has one employee that performs the duties of receipting, recording, depositing and issuing vouchers for the Caddo County Free Fair official depository accounts.

The County Sheriff has one deputy that performs the duties of receipting, recording, depositing and issuing vouchers for the County Sheriff's official depository accounts.

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

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

Views of responsible officials and planned corrective actions:

The County Treasurer has one employee that completes the deposit and the second employee receipts the deposit.

The County Assessor is in the process of cross-training to correct the issue.

The County Commissioners, Free Fair, and Sheriff only employ one employee in each of these offices that receipt, record, deposit, and issue vouchers.

OSAI Response: Although it is difficult to adequately segregate duties when each office has limited personnel, separating key processes and involvement of management in the review and approval of information would serve as compensating controls.

Finding 2008-2 – Accounts

Criteria: Title 68 O.S. § 3011 states in part:

For each office, board, commission and department, including public utilities operated within the general fund, and special budget accounts and cash accounts, of counties, cities and towns, the items of appropriation shall, unless otherwise provided by law, be as follows: "personal services," maintenance and operation," and "capital outlay"...

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Condition: The County operates with thirty-four cash funds that are not appropriated to any specific category. In addition, most of the sales tax funds (with the exception of the Sheriff and OSU funds), were not categorized for any specific account of appropriation.

Effect: This condition results in the County being unable to monitor its fiscal responsibilities for appropriations and expenditures.

Recommendation: OSAI recommends management revise its chart of funds and accounts to reflect the actual account of the appropriations and expenditures.

Views of responsible officials and planned corrective actions: The County has categorized these cash funds for the specific appropriations.

Finding 2008-3 – Official Depository Account Receipts

Criteria: Title 19 O.S. § 682 states in part:

It shall be the duty of each and every county officer...to deposit daily in the official depository...all monies...received or collected by virtue or under color of office...

Title 28 O.S. § 9 states:

Every officer charging fees shall give a receipt therefor.

Title 19 O.S. § 684 states:

All monies that shall be received during any calendar month by any county officer...shall be paid into the county treasury...from the official account of the officer...to the fund of the county...on or before the second Monday following the close of the calendar month in which such monies have been received.

Condition: The following exceptions were noted in regards to the County Assessor official depository receipts:

- The County Assessor did not deposit monies received on a daily basis.
- The County Assessor did not issue receipts for all money received.
- The County Assessor did not allocate funds in accordance with state statutes in a timely manner.

Effect: These conditions could result in failure to comply with state statutes regarding receipting and depositing, and could lead to the misappropriation of funds.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Recommendation: OSAI recommends the County Assessor allocate fees received under the color of office to the County Treasurer on or before the second Monday following the close of the calendar month in which the service fee money was received in accordance with 19 O.S. § 684. Additionally, OSAI recommends the Assessor deposit funds received daily and issue receipts for all collections in accordance with 19 O.S. § 682 and 28 O.S. § 9.

Views of responsible officials and planned corrective actions: The County Assessor states that this was corrected in 07.

OSAI Response: This is the audit of Caddo County for fiscal year 2007-2008, and it revealed the exceptions as noted.

Finding 2008-4 – Temporary Interfund Transfer of Funds

Criteria: Title 68 O.S. § 3021 states in part:

...Any funds temporarily transferred shall be repaid to the original fund from which they were transferred within the fiscal year that the funds were transferred.

Condition: A temporary interfund transfer of \$26,000 from the County Highway Fund was advanced to the County's Homeland Courthouse Security Grant Fund for the purpose of purchasing and installing a courthouse security video system. At June 30, 2008, the advance had not been repaid, even though the County had received its \$26,000 reimbursement of federal grant funds. The County Highway Fund was not repaid until March 27, 2009.

Effect: This condition results in non-compliance with 68 O.S. § 3021 and could result in funds not being properly accounted for at the end of the fiscal year.

Recommendation: OSAI recommends borrowed funds be paid back within the same fiscal year in accordance with 68 O.S. § 3021

Views of responsible officials and planned corrective actions: The County overlooked transferring the \$26,000 back to the County Highway Fund in a timely manner, once the reimbursement of federal grant funds was received.



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