



CADDO COUNTY

Financial Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

June 2, 2020

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma for the fiscal year ended June 30, 2019. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**CADDO COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Board of County Commissioners

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

County Assessor

Edward Whitworth

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, 2019**

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FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on 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 from material misstatement.

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



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

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

As described in Note 1, 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.

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, 2019, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Caddo County, for the year ended June 30, 2019, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the financial statement.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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 May 27, 2020, 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

May 27, 2020

REGULATORY BASIS FINANCIAL STATEMENT

CADDO COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
County General Fund	\$ 1,413,353	\$ 2,851,060	\$ 33	\$ -	\$ 2,738,845	\$ 1,525,601
County Highway Fund	1,622,930	4,482,715	68,324	-	4,775,728	1,398,241
County Highway Fund T-8	516,294	686,898	19,000	19,000	289,250	913,942
County Health Department	325,873	191,909	-	-	162,964	354,818
Resale Property	312,631	145,891	20,120	-	90,567	388,075
CED Circuit Engineering	5,465	60,000	-	-	4,687	60,778
County Bridge and Road Improvements	1,057,382	747,550	19,206	-	872,541	951,597
County Use Tax	377,498	499,233	-	-	247,865	628,866
Cash County Treasurer	19,427	3,420	-	-	2,806	20,041
Cash County Clerk	142,026	54,454	-	-	22,359	174,121
Cash County Assessor	205	-	-	205	-	-
Assessor Revolving	28,571	3,653	205	-	15,470	16,959
Sheriff Cash	247,207	205,332	9,992	-	247,296	215,235
Sheriff Department of Corrections	556,862	379,526	-	-	571,827	364,561
Sheriff State Criminal Alien Assistance Program (SCAAP) Grant	289	-	-	-	-	289
Sheriff Drug Enforcement	5,436	-	-	-	1,073	4,363
Sheriff Courthouse Security	3,579	21,583	-	-	19,623	5,539
Sheriff Recovery Justice Assistance Grant	33	-	-	33	-	-
Sheriff Special Response Team	1,412	-	50	-	1,115	347
E-911 Wireless	59,044	236,031	-	-	241,586	53,489
County Clerk Records Preservation	159,696	41,432	-	-	60,715	140,413
OSU Extension Support Fund	464	-	-	464	-	-
Sales Tax Revolving .75	-	1,682,858	-	-	1,547,987	134,871
OSU Extension Sales Tax	102,519	100,971	464	-	68,359	135,595
3/8 911 Sales Tax	5,927	264,000	19,000	19,000	262,249	7,678
3/8 Sheriff Sales Tax	1,783	396,166	-	-	396,822	1,127
Sheriff Sales Tax	23,517	123,410	-	-	119,576	27,351
Capital Improvements Sales Tax	191,722	122,888	-	-	194,340	120,270
Free Fair and Livestock Sales Tax	54,547	73,707	-	-	64,648	63,606
Township Fair Sales Tax	70,314	67,314	-	-	57,647	79,981
Rural Fire Sales Tax	233,436	134,629	-	-	88,900	279,165
Fairgrounds/Facilities Sales Tax	26,695	17,329	-	-	13,457	30,567
Anadarko Senior Citizens Sales Tax	7,414	15,426	-	-	9,552	13,288
Apache Senior Citizen Sales Tax	3,821	15,426	-	-	16,011	3,236
Binger Senior Citizen Sales Tax	1,953	15,426	-	-	15,680	1,699
Carnegie Senior Citizen Sales Tax	8,442	15,426	-	-	11,091	12,777
Cement Senior Citizen Sales Tax	17,781	15,426	-	-	16,619	16,588

Continued to next page

Notes to the financial statement are an integral part of this statement.

CADDO COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Continued from previous page	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
Cyril Senior Citizen Sales Tax	3,792	15,426	-	-	7,023	12,195
Fort Cobb Senior Citizen Sales Tax	4,524	15,426	-	-	15,505	4,445
Hinton Senior Citizen Sales Tax	34,054	15,426	-	-	19,159	30,321
Health Sales Tax	4,416	16,829	-	-	17,222	4,023
Emergency Reserve Fund Sales Tax	60,000	-	-	-	-	60,000
Ambulance Service Fund Sales Tax	43,035	336,572	-	-	352,633	26,974
Ambulance Run Fund Sales Tax	63,422	224,381	-	-	234,281	53,522
E-911-5	47,468	119,118	-	-	140,420	26,166
Emergency Management SLA	26,261	11,250	-	-	33,590	3,921
Court Clerk Cimarex Settlement	75,588	-	-	-	560	75,028
County Farm Lease	28,825	5,825	-	-	2,198	32,452
Local Environmental Planning Commission	4,949	1,000	-	-	810	5,139
Community Service Sentencing Program	152	-	-	-	-	152
Civil Emergency	995	-	-	995	-	-
Court Clerk Oklahoma Bar Foundation 2013 Grant	9	-	-	-	-	9
Veterans Statue	751	-	-	-	-	751
Reward Fund	200	-	-	-	-	200
Fair Board Awards and Donations	1,118	7,850	-	-	2,801	6,167
JAG 2015 Grant - Sheriff	9,992	-	-	9,992	-	-
Special Response Team Donations	50	-	-	50	-	-
Sheriff Donations	13,450	1,500	-	-	7,255	7,695
Apache Nutrition Center Building	2,965	-	-	-	-	2,965
Drug Court	23,012	8,011	-	-	3,000	28,023
Detention Center Commissary	44,307	44,220	-	-	21,549	66,978
Sheriff Canine Officer Donation	1,837	3,100	-	-	1,456	3,481
BIA Radio Tower	25,184	-	-	25,184	-	-
Court Fund Payroll	2,351	89,882	-	-	89,641	2,592
BIA - Wichita D-3	14,163	337,982	-	352,145	-	-
BIA - Wichita D-1	1,628	107,578	-	109,206	-	-
BIA - Windmill/Stecker Roads	-	386,330	-	-	386,330	-
E-911 Donations	-	250	-	-	250	-
Sheriff Canine Officer Donation 2	-	7,104	-	-	5,586	1,518
Combined Total - All County Funds	<u>\$ 8,144,046</u>	<u>\$ 15,426,149</u>	<u>\$ 156,394</u>	<u>\$ 536,274</u>	<u>\$ 14,590,524</u>	<u>\$ 8,599,791</u>

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, 2019**

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, libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

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

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

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

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

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

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

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

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

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

Sheriff Recovery Justice Assistance Grant – accounts for the collection of grant monies to be distributed by the Sheriff’s office in deterring gang related activities.

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

E-911 Wireless – accounts for the collection of fees imposed on the residents within the boundaries of Caddo County from the local wireless service providers and disbursements are made to maintain an emergency telephone system.

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

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

Sales Tax .75 – accounts for actual collections and disbursements of the 3/4% cent sales tax established as a separate fund by the County.

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

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

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

Sheriff Sales Tax – accounts for the .50% county sales tax collected and disbursed for the Sheriff's office.

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

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

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

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

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

BIA-Wichita D-3 – accounts for funds received from the Bureau of Indian Affairs for county road maintenance.

BIA-Wichita D-1 – accounts for funds received from the Bureau of Indian Affairs for county road maintenance.

BIA - Windmill/Stecker Roads – accounts for funds received from the Bureau of Indian Affairs for county road maintenance for Windmill/Stecker Roads.

E-911 Donations – accounts for the collection of donations received and disbursed for the operation of the 911 center.

Sheriff Canine Officer Donation 2 – accounts for the collection of donations received to supply a canine officer #2 for the Sheriff’s Department.

C. Basis of Accounting

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

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, with a change in distribution among various entities. This sales tax is accounted for within the following sales tax funds and was established for the operations of said funds: County General Fund 33%; OSU Extension Sales Tax 9%; Free Fair and Livestock Sales Tax 6%; Township Fair Sales Tax 6%; Capital Improvements Sales Tax 9%; Sheriff Sales Tax 11%; Rural Fire Sales Tax 12%; Health Sales Tax 1.5%; Senior Citizen Sales Tax 11% (Anadarko, Apache, Binger, Carnegie, Cement, Cyril, Fort Cobb, and Hinton); and Fairground/Facilities Sales Tax 1.5%.

Sales Tax of July 1, 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 5 years, expiring June 30, 2022 for the sole purpose of acquiring, continuing, equipping, repairing, renovating, operating, maintaining, and advancing ground ambulance services. These funds are accounted for in the Ambulance Service Fund Sales Tax, the Ambulance Run Fund Sales Tax, and the Emergency Reserve Sales Tax funds.

Sales Tax of August 11, 2009

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

50% will go to the Caddo County Governmental Building Authority Capital Improvement Bond which is pledged toward the retirement of the indebtedness incurred, and the other 50% of 100% will go to the Caddo County Governmental Building Authority Gross Revenue

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Operations and Expenses Maintenance and Operations for distribution, based on the Estimate of Needs approved by the Excise Board, to the 3/8 911 Sales Tax fund and the 3/8 Sheriff Sales Tax fund.

E. Interfund Transfers

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

- \$33, a residual balance, was transferred from the Sheriff Recovery Justice Assistance Grant fund to County General Fund by BOCC Resolution to close the fund.
- A total of \$68,324 was transferred to the County Highway Fund from the following funds:
 - \$42,145 was transferred from the BIA-Wichita D-3 fund, upon the reimbursement from BIA, to repay borrowed funds on the unforeseen volume of materials needed for road and bridge projects as approved by BOCC Resolution.
 - \$25,184 of residual balance was transferred from the BIA Radio Tower fund to close the fund after completion of the project as approved by BOCC Resolution.
 - \$995 of residual balance was transferred from the Civil Emergency fund as approved by BOCC Resolution to close the fund.
- \$19,000 was transferred from the County Highway Fund T-8 fund to the 3/8 911 Sales Tax fund for the purpose of borrowing funds for the operations of the 911 center as approved by BOCC Resolution.
- \$19,000 was transferred from the 3/8 911 Sales Tax fund to the County Highway Fund T-8 fund for repayment of borrowed funds used for the operations of the 911 center as approved by BOCC Resolution.
- \$20,120 was transferred from Excess Resale, a Trust and Agency fund, to Resale Property fund in accordance with 68 O.S. § 3131C.
- \$19,206 was transferred to the County Bridge and Road Improvements fund from the BIA-Wichita D-1 fund upon the reimbursement from BIA, to repay borrowed funds on the unforeseen volume of materials needed for road and bridge projects as approved by BOCC Resolution.
- \$205, a residual balance, was transferred from the Cash County Assessor fund to the Assessor Revolving fund by BOCC Resolution to close the fund.
- \$50, a residual balance, was transferred from the Sheriff Special Response Team Donations fund to the Sheriff Special Response Team fund by BOCC Resolution to close the fund.
- \$464, a residual balance, was transferred from the OSU Extension Support Fund to the OSU Extension Sales Tax fund by BOCC Resolution to close the fund.
- A total of \$400,000 was transferred to the Emergency Transportation Revolving fund from the following funds:
 - \$310,000 was transferred from the BIA-Wichita D-3 fund upon the reimbursement from BIA, to repay borrowed funds for road and bridge projects as approved by BOCC Resolution.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

- \$90,000 was transferred from the BIA Wichita D-1 fund upon the reimbursement from BIA, to repay borrowed funds for road and bridge projects as approved by BOCC Resolution.
- \$9,992, a residual balance, was transferred from the JAG 2015 Grant - Sheriff fund to the Sheriff Cash fund by BOCC Resolution to close the fund.

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, 2019

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,413,353	\$ 1,413,353	\$ -
Less: Prior Year Outstanding Warrants	(30,301)	(30,301)	-
Less: Prior Year Encumbrances	(62,797)	(34,759)	28,038
Beginning Cash Balances, Budgetary Basis	1,320,255	1,348,293	28,038
Net Residual Transfer	-	33	33
Total Receipts, Budgetary Basis	1,672,268	2,851,060	1,178,792
Total Expenditures, Budgetary Basis	2,992,523	2,836,856	155,667
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,362,530	\$ 1,362,530
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		54,979	
Add: Current Year Encumbrances		108,092	
Ending Cash Balance		\$ 1,525,601	

**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, 2019**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 325,873	\$ 325,873	\$ -
Less: Prior Year Outstanding Warrants	(12,383)	(12,383)	-
Less: Prior Year Encumbrances	(36,552)	(24,755)	11,797
Beginning Cash Balances, Budgetary Basis	276,938	288,735	11,797
 Total Receipts, Budgetary Basis	 168,173	 191,909	 23,736
 Total Expenditures, Budgetary Basis	 445,111	 187,690	 257,421
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 292,954	 \$ 292,954
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		54,757	
Add: Current Year Outstanding Warrants		7,107	
Ending Cash Balance		\$ 354,818	

**CADDO COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the 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.

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Caddo County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Caddo County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 27, 2020.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2019, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

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

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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2019-001 and 2019-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-005.

Caddo County's Response to Findings

Caddo County's response to the findings identified in our audit are 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 the response.

Purpose of this Report

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 27, 2020

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2019-001 – Lack of County-Wide Controls and Information Systems (Repeat Finding 2009-008, 2010-008, 2011-008, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure the following weaknesses were noted:

- County-wide controls regarding Risk Assessment, Information and Communication, and Monitoring have not been designed.
- Upon review of the computer systems within the County Clerk’s office and County Treasurer’s office, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Cause of Condition: Policies and procedures have not been designed and implemented to address risks of the County and to prevent unauthorized access to data.

Effect of Condition: This condition could compromise security for computers, computer programs, and data, and does not allow the County to function in the most effective manner possible. Additionally, without written documentation of the county-wide controls it is more difficult to retain organizational knowledge, communicate that knowledge to personnel, indicate what internal controls are present and monitor those controls.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook. Further, OSAI recommends the County comply with best practices presented in the criteria. The specifics of the recommendation have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls.

County Treasurer: I have implemented procedures and controls to safeguard data.

County Clerk: I have implemented procedures and controls to safeguard data.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 quasi-governmental entities.

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.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

Components, Principles, and Attributes

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Further, according to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support Ds5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

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

Condition: Upon inquiry and observation of the payroll disbursement process, we noted the duties of processing payroll are not adequately segregated.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

- The Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports. In addition, there is no evidence of review of payroll changes or enrollments.

In addition, the audit of forty-two (42) disbursements reflected the following:

- A total of eighteen (18) disbursements with the names of the County Clerk and the Purchasing Agent are preprinted on the purchase order and are initialed by the same person.
- Four (4) disbursements were not properly encumbered in accordance with state statutes.
- Two (2) disbursements were not reviewed or authorized.
- One (1) disbursement was not supported by adequate documentation.
- One (1) disbursement for payroll was not reviewed by the County Clerk.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to segregation of duties and/or compensating controls of the payroll process. Additionally, policies and procedures have not been designed and implemented to ensure the County is in compliance with state statutes regarding the disbursement process.

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.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to fellow County officials the importance of County funds being encumbered prior to the receipt of goods and/or services.

County Clerk: We are in the process of implementing review processes for payroll. We will also work toward having all time sheets signed by the employee and department head. We will also either remove the pre-printed names or have the person initial beside their pre-printed name on the purchase orders.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Criteria: The GAO Standards – Principle 10 – Design and 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.

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.

No matters were noted.

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



Cindy Byrd, CPA | State Auditor & Inspector

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