

**CADDO COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2003**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

February 10, 2004

TO THE CITIZENS OF  
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma, for the fiscal year ended June 30, 2003. 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 serve the public interest by providing independent oversight and to issue 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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**CADDO COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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**CADDO COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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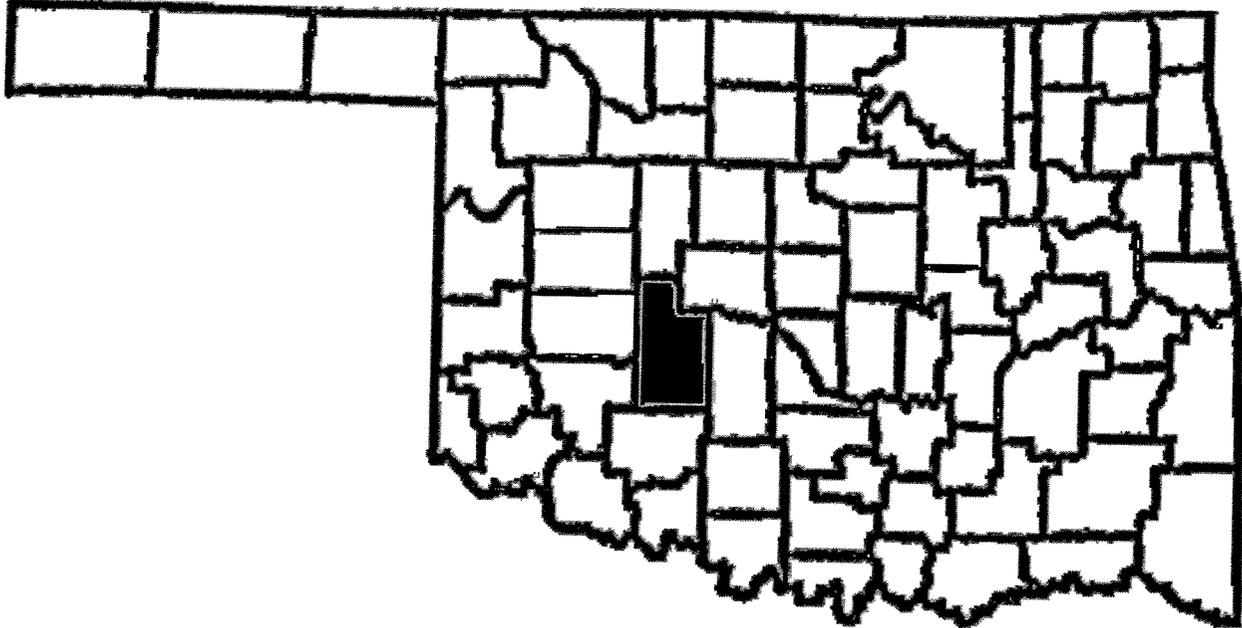
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REPORT TO THE CITIZENS  
OF  
CADDO COUNTY, OKLAHOMA

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

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 – 1278.4 Square Miles

County Population – 30,150  
(2000 est.)

Farms – 1,496

Land in Farms – 726,629 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor’s report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Vernon Crumm  
(D) Anadarko

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  
(D) Anadarko

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.

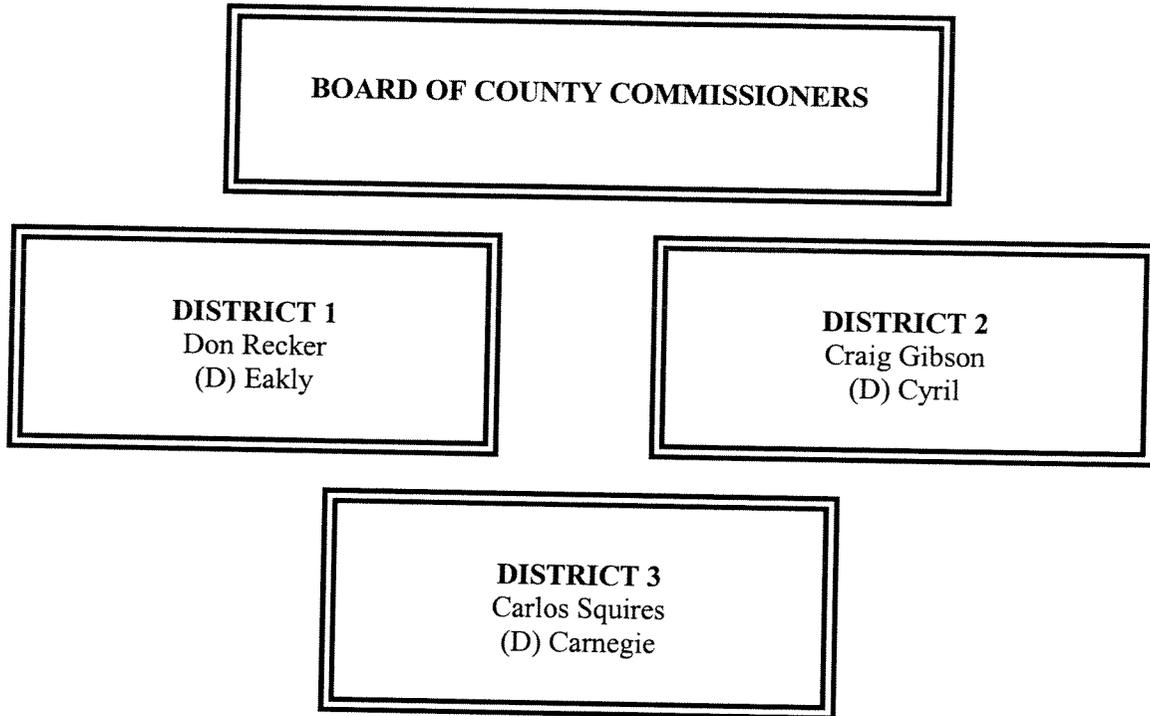
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**  
Gene Cain  
(D) Anadarko

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  
(D) Gracemont

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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Judy Cain  
(D) Anadarko

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**  
Gene Christian  
(D) Duncan

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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

Jean Anne McKee

(D) Anadarko

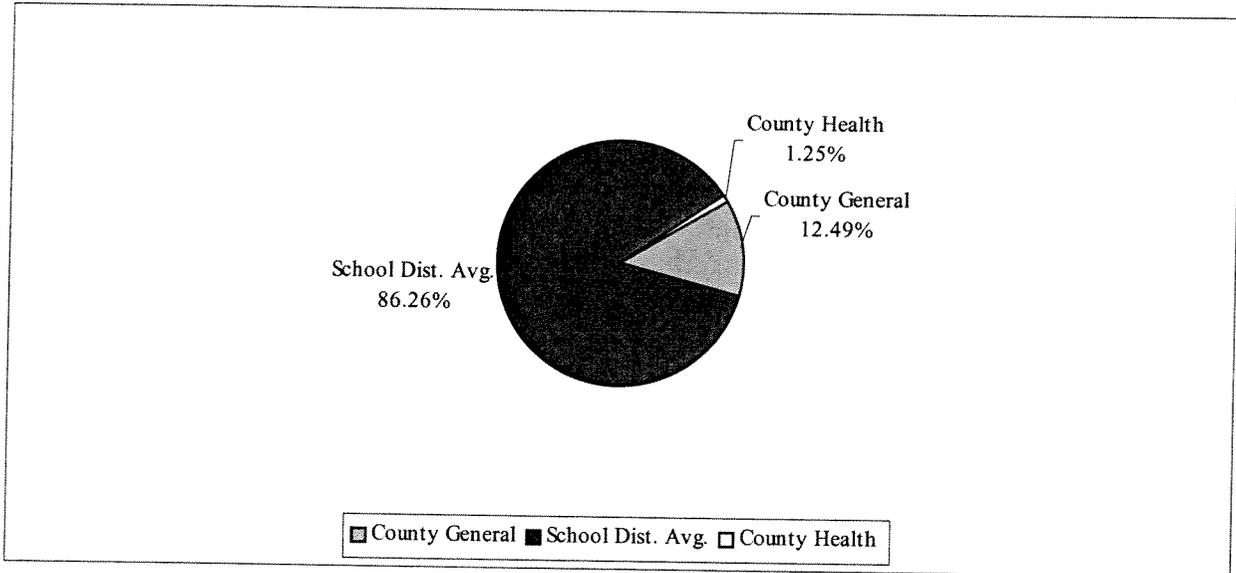
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**AD VALOREM DISTRIBUTION  
CADDO COUNTY, OKLAHOMA  
SHARE OF THE AVERAGE MILLAGE**

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								
Co. General	10.00									
County Health	1.00									
		Gen.	Bldg.	Skg.	Vo-Tech	EMS	Common	Total		
Anadarko	I-20	35.00	5.00	19.54	11.00		4.00	74.54		
Hydro-Eakly	I-11	35.00	5.00	20.93	11.00		4.00	75.93		
Apache-Boone	I-56	35.00	5.00	26.59	11.00		4.00	81.59		
Ft. Cobb-Broxton	I-167	35.00	5.00	13.21	11.00		4.00	68.21		
Lookeba-Sickles	I-12	35.00	5.00	9.64	11.00		4.00	64.64		
Binger-Oney	I-168	35.00	5.00	10.89	11.00	3.00	4.00	68.89		
Binger	I-168V6	35.00	5.00	10.89	15.00	3.00	4.00	72.89		
Carnegie	I-33	35.00	5.00		11.00		4.00	55.00		
Cyril	I-64	35.00	5.00	20.86	11.00		4.00	75.86		
Gracemont	I-86	35.00	5.00	11.82	11.00		4.00	66.82		
Cement	I-160	35.00	5.00	9.35	11.00		4.00	64.35		
Hinton	I-161V2	35.00	5.00	5.14	11.00		4.00	60.14		
Hinton (Can)	I-161V6	35.00	5.00	5.14	15.00		4.00	64.14		
		Joint School District Millages								
		Gen.	Bldg.	Skg.	Vo-Tech	EMS	Common	Total		
Grady	Jt 2 V6	35.00	5.00	19.99	15.00		4.00	78.99		
Com	Jt 11/6/9V9	35.00	5.00	20.81	11.00		4.00	75.81		
Washita	Jt 9	35.00	5.00	5.03			4.00	49.03		
Grady	Jt 99V2	35.00	5.00	15.34	11.00		4.00	70.34		
Grady	Jt 131	35.00	5.00	17.16	15.00		4.00	76.16		

See independent auditor's report.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
CADDO COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Caddo County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Caddo County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

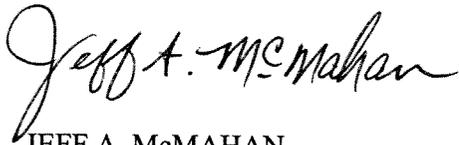
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Caddo County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Caddo County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Caddo County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Caddo County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahon". The signature is written in black ink and is positioned above the printed name and title.

JEFF A. McMAHAN  
State Auditor and Inspector

December 22, 2003

**Special-Purpose Financial Statements**

**CADDO COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED, JUNE 30, 2003**

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General	\$ 870,548	\$ 1,834,879	\$ 2,098,270	\$	\$ 607,157
Resale Property	138,183	81,401	63,898		155,686
County Highway	2,025,686	5,499,366	4,608,251		2,916,801
County Road Fund	999,399	357,925	613,651		743,673
Highway T-4	414	77	491		
County Use Tax	88,186	32,040	26,496		
Trash Cop Grant	454				93,730
L.E.P.C.	3,355				454
County Health Department	51,385	131,683	110,362		3,355
Treasurer Mortgage Fee	22,880	7,153	5,957		72,706
Community Service Sentencing Program	1,313	14,717	13,382		24,076
County Clerk Lien Fee	24,281	34,311	695		2,648
Assessor Visual Inspection	8,635				57,897
Assessor Revolving	1,027	4,052			8,635
Sheriff Service Fee	15,730	83,649	61,605		5,079
Sheriff Board of Prisoner	54,084	285,105	264,288		37,774
Sheriff Reserve Deputy	130				74,901
Sheriff COP Grant	4,277	79,375	81,736		130
Sheriff SRT	1,051	750	225		1,916
REAP Grant		17,865	17,865		1,576
County Clerk Records Preservation	13,950	51,118	33,323		
DARE	558		558		31,745
O.S.U. Sales Tax	361,162	139,743	107,073		
Sheriff Sales Tax	17,277	47,379	43,323		393,832
Capital Improvement Sales Tax	449,574	137,829	49,504		21,333
Grandstand Sales Tax	101,984	25,843	97,750		537,899
Free Fair Sales Tax	53,277	59,974	59,326		30,077
Township Fair Sales Tax	35,413	52,362	62,727		53,925
Rural Fire Sales Tax	29,397	60,300	58,810		25,048
Senior Nutrition Sales Tax	27,283	173,582	60,648		30,887
Civil Emergency	413,494	330,437	730,005		140,217
Emergency Management Director		8,720			13,926
Caddo Co. Ind. Auth. Sinking	99,492	3,269	102,519		8,720
Court Fund Trust	42,319	600			242
Court Clerk Estate		30,418			42,919
Official Depository	790,927	3,900,288	3,826,405	4,315	30,418
Individual Redemption	253	13,827	14,080		869,125
Law Library	4,828	28,557	23,935		
Excess Resale	1,179				9,450
Schools	54,983	7,365,629	7,327,103		1,179
Cities and Towns	17,891	225,705	228,012		93,509
Binger Ambulance	252	29,136	20,408		15,584
General Obligation Bonds	2,749	15	2,764		8,980
Tax Refunds		30,570	30,570		
<b>Total County Funds</b>	<u>\$ 6,829,260</u>	<u>\$ 21,179,649</u>	<u>\$ 20,846,015</u>	<u>\$ 4,315</u>	<u>\$ 7,167,209</u>

The notes to the financial statements are an integral part of this statement.

**CADDO COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 870,548	\$ 870,548	\$ 870,548	\$ -
Less: Prior Year Outstanding Warrants	(53,880)	(53,880)	(53,880)	
Less: Prior Year Encumbrances	(35,615)	(35,615)	(28,365)	7,250
Beginning Cash Balances, Budgetary Basis	<u>781,053</u>	<u>781,053</u>	<u>788,303</u>	<u>7,250</u>
Receipts:				
Ad Valorem Taxes	972,488	972,488	1,033,507	61,019
Sales Tax	203,593	203,593	276,050	72,457
Charges for Services	180,872	180,872	194,121	13,249
Intergovernmental Revenues	226,458	241,301	212,007	(29,294)
Miscellaneous Revenues	202,178	202,178	119,194	(82,984)
Total Receipts, Budgetary Basis	<u>1,785,589</u>	<u>1,800,432</u>	<u>1,834,879</u>	<u>34,447</u>
Expenditures:				
District Attorney	13,995	14,000	13,826	174
Capital Outlay	5			
Total District Attorney	<u>14,000</u>	<u>14,000</u>	<u>13,826</u>	<u>174</u>
County Sheriff	565,833	557,629	556,914	715
Capital Outlay				
Total County Sheriff	<u>565,833</u>	<u>557,629</u>	<u>556,914</u>	<u>715</u>
County Treasurer	162,920	162,920	162,802	118
Capital Outlay				
Total County Treasurer	<u>162,920</u>	<u>162,920</u>	<u>162,802</u>	<u>118</u>
County Clerk	219,727	214,505	208,431	6,074
Capital Outlay		5,317	1,133	4,184
Total County Clerk	<u>219,727</u>	<u>219,822</u>	<u>209,564</u>	<u>10,258</u>
Court Clerk	163,120	163,592	163,592	
Capital Outlay				
Total Court Clerk	<u>163,120</u>	<u>163,592</u>	<u>163,592</u>	<u>-</u>
County Assessor	117,006	117,606	117,606	
Capital Outlay				
Total County Assessor	<u>117,006</u>	<u>117,606</u>	<u>117,606</u>	<u>-</u>
Revaluation of Real Property	141,578	112,989	108,478	4,511
Capital Outlay	2,000	2,000	1,800	200
Total Revaluation of Real Property	<u>143,578</u>	<u>114,989</u>	<u>110,278</u>	<u>4,711</u>
Juvenile	49,222	49,222	44,888	4,334
Capital Outlay				
Total Juvenile	<u>49,222</u>	<u>49,222</u>	<u>44,888</u>	<u>4,334</u>
General Government	488,165	521,744	459,797	61,947
Capital Outlay	170,000	183,129	175,516	7,613
Total General Government	<u>658,165</u>	<u>704,873</u>	<u>635,313</u>	<u>69,560</u>
Excise-Equalization Board	2,621	2,855	2,655	200
Capital Outlay				
Total Excise-Equalization Board	<u>2,621</u>	<u>2,855</u>	<u>2,655</u>	<u>200</u>

continued on next page

The notes to the financial statements are an integral part of this statement.

**CADDO COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	53,894	56,815	56,815	
Capital Outlay	100	706	706	
Total County Election Board	<u>53,994</u>	<u>57,521</u>	<u>57,521</u>	-
County Audit Budget	10,697	10,697	10,697	
Capital Outlay				
Total County Audit Budget	<u>10,697</u>	<u>10,697</u>	<u>10,697</u>	-
County Line Item	405,759	405,759		405,759
Capital Outlay				
Total County Line Item	<u>405,759</u>	<u>405,759</u>	-	405,759
Total Expenditures, Budgetary Basis	<u>2,566,642</u>	<u>2,581,485</u>	<u>2,085,656</u>	<u>495,829</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	537,526	<u>\$ 537,526</u>

Reconciliation to Statement of Receipts,  
Disbursements, and Changes in Cash Balances  
Add: Current Year Encumbrances  
Add: Current Year Outstanding Warrants  
Ending Cash Balance

17,327
<u>52,304</u>
<u>\$ 607,157</u>

The notes to the financial statements are an integral part of this statement.

**CADDO COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL -  
COUNTY HEALTH DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 51,385	\$ 51,385	\$ 51,385	\$ -
Less: Prior Year Outstanding Warrants	(6,427)	(6,427)	(6,427)	
Less: Prior Year Encumbrances	(3,544)	(3,544)	(3,060)	484
Beginning Cash Balances, Budgetary Basis	<u>41,414</u>	<u>41,414</u>	<u>41,898</u>	<u>484</u>
Receipts:				
Ad Valorem Taxes	97,249	97,249	103,842	6,593
Miscellaneous Revenues		27,773	27,841	68
Total Receipts, Budgetary Basis	<u>97,249</u>	<u>125,022</u>	<u>131,683</u>	<u>6,661</u>
Expenditures:				
Health and Welfare	136,663	162,436	103,881	58,555
Capital Outlay	2,000	4,000	4,000	
Total Expenditures, Budgetary Basis	<u>138,663</u>	<u>166,436</u>	<u>107,881</u>	<u>58,555</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	65,700	<u>\$ 65,700</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			6,366	
Add: Current Year Outstanding Warrants			640	
Ending Cash Balance			<u>\$ 72,706</u>	

The notes to the financial statements are an integral part of this statement.

**CADDO COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

---

Beginning Cash Balance	<u>\$ 99,492</u>
Receipts:	
Ad Valorem Tax	2,665
Miscellaneous	<u>604</u>
Total Receipts	<u>3,269</u>
Disbursements:	
Transfer to Caddo County Industrial Authority	<u>102,519</u>
Total Disbursements	<u>102,519</u>
Ending Cash Balance	<u><u>\$ 242</u></u>

The notes to the financial statements are an integral part of this statement.

**CADDO COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
Solid Waste Enforcement Sheriff	\$ 407	\$ 570	\$ 561	\$	\$ 416
District Attorney Bogus Check	44,782	292,027	292,032	5	48,081
Caddo County Meth Grant		92,000	88,364		3,636
District Attorney Community Service	9,798	7,350			17,148
District Attorney Incarceration Fee	355	453	82		726
Drug Fund	11,313	5,485	3,312		13,486
District Attorney Merchant Restitution	28,909	298,705	308,899	675	19,390
District Attorney State Witness Fee	1,932	1,619	3,110		441
District Attorney Graduated Sanction	15,928	6,095	5,231		16,792
County Election Board	1,705	50,005	51,128	1,337	1,919
Free Fair	5,656	4,066	7,422		2,300
Court Clerk	220,356	1,334,225	1,307,999	555	247,137
Court Fund	146,864	744,540	778,101	1,581	114,884
Court Revolving	10,138	19,915			30,053
County Health Department	8,697	23,502	31,350		849
County Clerk		294,375	294,375		
County Clerk Lien Fee	5,827	82			5,909
Grand Stand Project	180				180
Forestry Program	935				935
Rental	2,699	3,272	3,760	72	2,283
Shelter Home	413	7,673	7,673		413
Solid Waste Reward	2,784	570			3,354
CCIA	175,331	133,996	309,327		
Trust	34,546	136,780	141,837	76	29,565
Mobile Home	17,816	15,475	18,612	14	14,693
Protest	43,556	252,491	1,512		294,535
Vehicle Stamp		8,817	8,817		
Assessor Revolving		4,328	4,328		
<b>Total Official Depository Accounts</b>	<b>\$ 790,927</b>	<b>\$ 3,900,288</b>	<b>\$ 3,826,405</b>	<b>\$ 4,315</b>	<b>\$ 869,125</b>

The notes to the financial statements are an integral part of this statement.

**Notes to the Financial Statements**

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Caddo County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and the county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund and county health department fund.

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insurance	
- Vehicle	Group. (See ACCO-SIG.)	

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$100,000; the County has a \$25,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All full-time employees are entitled to annual leave that is accrued on a monthly basis. After 1 year of service, the employee is entitled to 10 days of vacation (80 hours). Employees with 10 years of service are entitled to an additional 5 days (120 hours).

The County does not record any liability for sick leave. An employee earns up to 12 days per year and may accumulate up to 45 days (360 hours).

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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 by fund, 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.

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$7,167,209, and the bank balance was \$7,455,271. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.3 authorizes the County Treasurer to invest in:

- U. S. government obligations
- Certificates of deposit
- Saving 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.

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

County General - 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 - 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.

Highway T-4 - accounts for maintenance and operation of the County Commissioner's office.

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

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

L.E.P.C. (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 Fees - account for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements 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 disbursements of Sheriff process service fees as restricted by statute.

Detailed Notes on Funds and Account Balances (continued)

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

REAP - accounts for state grants for the purpose of fire equipment for rural communities.

County Clerk Records Preservation - accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

DARE - accounts for state funds disbursed for the purpose of drug education and drug awareness.

O.S.U. Sales Tax - accounts for county sales tax collected and disbursed for O.S.U. 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 capital improvements on the courthouse.

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

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

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

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

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

Detailed Notes on Funds and Account Balances (continued)

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

Emergency Management Director - accounts for the receipt and disbursement of funds from state and local governments for emergency management director's salary.

Caddo County Industrial Authority Sinking - accounts for the payment of interest and principal on the matured portion of long-term bonded debt. 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.

Court Fund Trust - accounts for money held in trust and disbursed for the purchase of computer hardware and software.

Court Clerk Estate - accounts for money held in trust to be disbursed through the court.

Official Depository - accounts for the collection and distribution of officer and board fees held in trust until the end of the month.

Individual Redemption – accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

Law Library - accounts for monies received for disbursement from the state for the law library board.

Excess Resale - accounts for the proceeds of sale of property in excess of tax against property to be held in trust for a two-year period.

Schools - accounts for monies collected on behalf of the public schools in Oklahoma County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Cities and Towns - accounts for monies collected on behalf of the cities and towns from state and local revenues and remitted to them monthly.

Binger Ambulance - accounts for monies collected on behalf of the ambulance service from ad valorem taxes and remitted to them monthly.

General Obligation Bonds - accounts for interest received and disbursed to the Caddo County Industrial Authority.

Tax Refunds - accounts for ad valorem taxes held and refunded to the taxpayer.

Detailed Notes on Funds and Account Balances (continued)

The following accounts are part of the official depository fund.

Solid Waste Enforcement - accounts for the collection of fees from illegal dumping of trash within the County.

Sheriff - accounts for the collection of fees, tax warrants, and copies. Disbursements are made to transfer funds collected to the County Treasurer for apportionment to the Sheriff's Service Fee Account or the Sheriff Board of Prisoner Account. Disbursements are also made to the Oklahoma Tax Commission or other State Agencies.

District Attorney Bogus Check - accounts for the collection of bogus checks and District Attorney fees to be disbursed to the merchants and District Attorney Fee Account.

Caddo County Meth Grant - accounts for monies received from the state for detecting meth labs within the County.

District Attorney Community Service - accounts for the collection of prisoner sentencing fees received from the state.

District Attorney Incarceration Fee - accounts for fees collected by court order for incarceration in the County jail.

Drug Fund - accounts for the collection of money on drug forfeitures. Disbursements are made to defray the cost of the drug control enforcement act.

District Attorney Merchant Restitution - accounts for the collection of bogus checks and fees for writing bogus checks and disbursed to the merchant.

District Attorney State Witness Fee - accounts for state receipts to reimburse the County for witness expenses.

District Attorney Graduated Sanction - accounts for the collection of fees charged for juveniles in which prosecution was deferred and the juvenile appears before a board and reimbursements for services performed for juvenile boot camps and salaries.

County Election Board - accounts for state receipts and local entities for the purpose of offsetting election cost. Disbursements are made for election workers, printing, and operating cost.

Free Fair - accounts for the collection of renting the fair building. Disbursements are made for maintenance and operation of the fair building and refunding deposits.

Detailed Notes on Funds and Account Balances (continued)

Court Clerk - accounts for the collection of fees, fines, and forfeitures and disbursed in accordance with state statutes and court orders.

Court Fund - accounts for fees transferred from the Court Clerk account in accordance with state statutes. Disbursements are made in accordance with state statutes to defray the expense of the court.

Court 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.

County Health Department - accounts for money collected for services provided and disbursed to the State Health Department.

County Clerk - accounts for collections of recording and fax and copy fees. Disbursements are made for the transfers to the general fund, Oklahoma Tax Commission, and refunds.

County Clerk Lien Fee - accounts for interest monies earned on filed mechanic's lien. Disbursements are made for the transfers to the County Clerk Fee Cash Account.

Grand Stand Project - accounts for monies collected from private donations for the remodeling and updating of the grandstand.

Forestry Program - accounts for monies received from the state to enhance forest projects.

Rental - accounts for monies collected on the rental of the fair buildings. Disbursements are for reimbursements of deposits and maintenance of the buildings.

Shelter Home - accounts for reimbursements from the state for the housing of juveniles.

Solid Waste Reward - accounts for reward monies offered for information of people improperly disposing of trash along roads and other areas of the County.

CCIA - accounts for monies used by the Caddo County Industrial Authority for interest on bonds and disbursements of bond payments.

Trust - Deposits are made by the Treasurer for advance payments on real and property taxes. Disbursements are made to transfer funds to the general fund.

Mobile Home - Deposits are made by the Treasurer for advance payments of mobile home taxes.

Protest - Deposits are made by the Treasurer for taxes paid under protest by the taxpayer. Disbursements are made to transfer the funds to general or as a refund to the taxpayer.

Detailed Notes on Funds and Account Balances (continued)

Vehicle Stamp - accounts for fees collected by the dealership on the sale of farm machinery. Disbursed to the Oklahoma Tax Commission, schools and the County general fund.

Assessor Revolving - accounts for collections from copies. Disbursements are made to transfer funds to the Assessor's cash fund for operating expenses.

C. 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 property value as of January 1, 2002, was approximately \$106,973,731.

The County levied ten mills for general fund operations and one mill for the county health department. In addition, the County also collects the ad valorem taxes assessed by 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.

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

Current year tax collections for the year ended June 30, 2003, were approximately 94 percent of the tax levy.

D. 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

Detailed Notes on Funds and Account Balances (continued)

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 5% and 10% of earned compensation. Elected officials contribute between 4.5% and 10% of their entire compensation. The County contributes 10% of earned compensation for elected officials.

E. 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. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all subsequent pieces of machinery acquired.

F. 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. 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 government expects such amounts, if any, to be immaterial.

The government 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 government.

5. Sales Tax

The voters of Caddo County approved a .50% sales tax effective January 1, 1999. This sales tax will expire January 1, 2004. The sales tax was established to provide revenue in the following manner:

Caddo County General Fund	32.00%
Caddo County O.S.U. Extension and 4-H Office	16.00%
Caddo County Free Fair and Caddo County Livestock Show	6.50%
Caddo County Free Township Fairs	6.50%
Capital Improvements for Caddo County Courthouse including: Repair and Maintenance thereof	16.00%
Office of the Sheriff, Caddo County	5.50%
Rural and Volunteer Firefighting Programs	7.00%
Improvements to and for Caddo County Grandstand Arena and Surrounding Area including Repair and Maintenance thereof	3.00%
Senior Citizens Nutrition Centers	6.50%

**Schedule of Expenditures of Federal Awards**

**CADDO COUNTY, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

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<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Direct:		
COPS Universal Hiring	16.710	\$ 52,719
COPS Methamphetamine	16.710	88,364
Total U.S. Department of Justice		<u>141,083</u>
<u>FEDERAL EMERGENCY</u>		
<u>MANAGEMENT AGENCY:</u>		
Passed through State Department		
of Civil Emergency Management:		
Public Assistance Grant Program	83.544	65,340
Public Assistance Grant Program	83.544	131,563
Public Assistance Grant Program	83.544	222,254
Hazard Mitigation Grant Program (HMGP)	83.548	330,437
Emergency Management Performance Grant	83.552	1,000
Total Federal Emergency		<u>750,594</u>
Management Agency		<u>750,594</u>
Total Expenditures of Federal Awards		<u>\$ 891,677</u>

**CADDO COUNTY, OKLAHOMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2003**

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Basis of Presentation

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

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Report on Compliance and on Internal Control Over Financial Reporting  
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 special-purpose financial statements of Caddo County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether Caddo County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we believe is significant enough to bring to the County's attention. We recommend that the County consider this matter and take appropriate corrective action. The following finding, 2003-3, is included in Section 4 of the schedule of findings and questioned costs, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caddo County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2, 2003-4, and 2003-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

December 22, 2003

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
CADDO COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Caddo County 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, 2003. The 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the 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 the County's internal control over compliance with 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as finding 2003-6 and 2003-7.

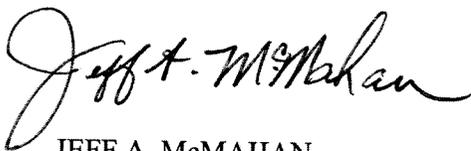
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

December 22, 2003

**Schedule of Findings and Questioned Costs**

CADDO COUNTY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2003

**SECTION 1 - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes

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

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Federal Emergency Management Agency (FEMA)
83.548	Public Assistance Grant Program
	Hazard Mitigation Grant Program (HMGP)

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

Auditee qualified as low-risk auditee? No

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

**Finding 2003-1 - Disaster Recovery Plan**

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT Delivery & Support 4.3), management should ensure that a written disaster recovery plan is documented and contains the following:

- Guidelines on how to use the recovery plan;
- Emergency procedures to ensure the safety of all effected staff members;
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel;
- Listing of systems requiring alternatives (hardware, peripherals, software);
- Listing of highest to lowest priority applications, required recovery times and expected performance norms;
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution;
- Specific equipment and supply needs are identified such as high-speed printers, signatures, forms, communications equipment, telephones, etc., and a source and alternative source defined;
- Training and/or awareness of individual and group roles in continuity plan;
- Listing of contracted service providers;
- Logistical information on location of key resources, including back-up sites for recovery operating system, applications, data files, operating manuals and program/system/user documentation;
- Current names, addresses, telephone/pager numbers of key personnel;
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: The County does not have a written Disaster Recovery Plan.

Effect: The lack of an effective and adequate Disaster Recovery Plan could result in potential loss of:

- Ad Valorem information;
- County residents information;
- State and Federal Reporting Data

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data.

**Finding 2003-2 - Security Policies and Awareness Training**

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT Delivery & Support Control Objectives - DS7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibilities.

Condition: Our review of the Treasurer and County Clerk's offices found that they did not have policies and procedures addressing computer security and have not provided security awareness training to their employees.

Effect: County employees were not aware of their responsibilities and potential risks involved when using the County's computer systems.

Recommendation: We recommend the County Clerk and County Treasurer establish information security policies and procedures that define the acceptable and unacceptable uses for the office computers. A security awareness-training program should be established requiring all the employees using computers to participate.

**Finding 2003-4 - Holiday and Sick Leave**

Criteria: The County Employee Personnel Policy Handbook dated 2001 requires the Board of County Commissioners and Excise Board, "to designate and publish between the 1<sup>st</sup> and 20<sup>th</sup> of January each year which holidays the County offices will be closed."

The County Handbook also states, "Each county elected official shall be responsible for keeping records of the leaves taken by his/her employees and shall make monthly reports to the County Clerk. Such records shall include type and length of leave."

Additionally, the Handbook states that, "An employee is eligible for sick leave for the following reasons:

Personal Illness.

Illness of a spouse, child, parent, or legal dependent

Condition: Time records for 17 of the 19 employees of District 1 County Commissioner reflect a day of sick leave was posted for July 5, 2002.

Through inquiry and observation, we noted that the County Commissioner allowed those employees to take a "sick day" for the day after the holiday of July 4<sup>th</sup>.

Effect: The employees are not in compliance with the County Handbook with regard to the use of sick leave. Time records are not accurate. The amount of leave used by employees was not accurately recorded. The Commissioner, in effect, allowed employees to take an extra day off that was not designated as an additional holiday.

**CADDO COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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Recommendation: We recommend the County Commissioners grant holiday leave for the published and designated holidays, and that sick leave be used only for personal illness or family illness as designated in the County Employee Personnel Handbook.

**Finding 2003-5 - Sick Leave**

Criteria: The County Handbook states, "Each county elected official shall be responsible for keeping records of the leaves taken by his/her employees and shall make monthly reports to the County Clerk. Such records shall include type and length of leave."

Additionally, the Handbook states that, "An employee is eligible for sick leave for the following reasons:

- Personal Illness
- Illness of a spouse, child, parent, or legal dependent

Sick leave may be accumulated for a total of not more than (45) working days or 360 hours.

Condition: Two employees of District 1 have accumulated more than the amount allowed for sick leave (360 hours.) An employee of the safety department used 368 hours of sick in 1 year, however he could not accrue that much leave in the year.

Effect: The employees are not in compliance with the County Handbook with regard to the use of sick leave. Time records are not accurate. The amount of leave used by employees was not accurately used and accrued.

Recommendation: We recommend the County Commissioners and County Clerk grant sick leave for personal illness or family illness as designated in the County Employee Personnel Handbook and that sick leave records be maintained consistently and accurately.

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

**Finding 2003-6 - Reporting Schedule of Expenditures of Federal Awards**

Criteria: OMB A-133, §.310 requires auditees to "prepare a schedule of expenditures of Federal awards ...expended for each individual Federal program."

Condition: The initial SEFA did not include the referenced amounts listed below. The SEFA was subsequently corrected.

1. The Sheriff did not report \$88,364 in expenditures from a U.S. Department of Justice grant award for a COPS Methamphetamine Grant.
2. FEMA expenditures of \$322,561 were not reported on the SEFA.

**CADDO COUNTY, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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Effect: Failure to accurately report on federal funds in accordance with OMB-A-133 Circular requirements could jeopardize future federal grant opportunities.

Recommendation: County officials should review and evaluate the County's policies and procedures for reporting on federal funds to ensure that ALL federal funds received and expended are reported on the County's Federal Schedule. When in doubt, state grantor agencies should be contacted to verify the state or federal source(s) of grant funds.

**Finding 2003-7 - Reporting Schedule of Expenditures of Federal Awards**

Criteria: OMB A-133, §.300 states "The auditee shall: (a) identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number..."

OMB A-133, §.310(b)(3) requires auditees to "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."

Condition: Federal grant programs reported on the County's Schedule of Expenditures of Federal Awards had blank CFDA numbers, as well as erroneous CFDA program titles. For example:

Recommendation: County officials should review and evaluate the County's policies and procedures for reporting federal funds to ensure that information reported on the County's Federal Schedule is current, complete, and accurate.

CADDO COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2003

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**SECTION 4 - Other Audit Findings - This section contains audit findings not required to be reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.**

**Finding 2003-3 - Encumbrance of Funds**

Criteria: Purchases of goods and services by counties are generally governed by Title 19 O.S. 2001, § 1500 through § 1505. Title 19 O.S. 2001, § 1505 provides for the initiation of a purchase by a requisition from the requesting department from which the County Clerk encumbers the funds necessary for payment of the purchase. Title 62 O.S. 2001, § 310.8 provides for the use of blanket purchase orders for recurring purchases of goods or services.

Condition: We noted 9 purchases of goods and/or services of 40 purchase orders tested, in that (23%) were not requisitioned prior to the ordering of the goods and services, and therefore the funds necessary to pay for the purchases were not encumbered in accordance with procedures prescribed by statute.

Effect: This condition results in noncompliance with state statutes. It can result in the unavailability of funds to satisfy obligations of the County and it can result in increased costs to the County in form of interest charged on delinquent accounts. Additional increased costs to the County could result from defending against court proceedings brought to collect delinquent amounts owed by the County.

Recommendation: We recommend that emphasis be placed on the purchasing procedures established by Oklahoma Statutes. Specifically, we recommend that all purchases of goods or services be initiated by a requisition by the requesting department and that funds be encumbered for all purchases prior to ordering.

## **Management Response**

# Board of County Commissioners

CADDO COUNTY COURTHOUSE

Post Office Box 1427 • Anadarko, Oklahoma 73005  
Telephone: 405/247-3105

DON RECKER  
District I  
LOOKEBA BARN  
457-6373

CRAIG GIBSON  
District II  
ANADARKO BARN  
247-5321

CARLOS SQUIRES  
District III  
CARNEGIE BARN  
654-2294

January 29, 2004

Jeff A McMahan  
State Auditor and Inspector  
1401 Lera, Suite 9  
Weatherford, OK 73096

Gentlemen/Ladies:

SUBJECT: CORRECTIVE ACTION PLAN

Finding (2003-1)

CONDITION: The County does not have a written Disaster Recovery Plan.

CORRECTIVE ACTION: The County Treasurer and County Clerk have received the guidelines for implementing a Disaster Recovery Plan.

Finding (2003-2)

CONDITION: Our review of the Treasurer and County Clerk's offices found that they did not have policies and procedures addressing computer security and have not provided security awareness training to their employees.

CORRECTIVE ACTION: The County Clerk and County Treasurer are implementing policies and procedures on computer security and awareness training to our employees.

Finding (2003-3)

CONDITION: We noted ten purchases of goods and/or services of 40 purchase orders tested, in that (25%), were not requisitioned prior to the ordering of the good and services, and therefore

# Board of County Commissioners

## CADDO COUNTY COURTHOUSE

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ANADARKO BARN  
247-5321

CARLOS SQUIRES

District III  
CARNEGIE BARN  
654-2294

the funds necessary to pay for the purchases were not encumbered in accordance with procedures prescribed by statute.

**CORRECTIVE ACTION:** That each requisitioning officer needs to have a purchase order encumbered before purchasing goods or services.

Finding (2003-4&5)

**CONDITION:** Time records for seventeen of the 19 employees of District #1 County Commissioner reflect a day of sick leave was posted For July 5, 2002.

**CONDITION:** Two employees of District #1 have accumulated more than the amount allowed for sick leave (360 hours.) An employee of the safety department used 368 hours of sick in 1 year, however he could not accrued that much leave in the year.

**CORRECTIVE ACTION:** The Caddo County Handbook is in the process of being amended to correct the accumulated sick leave.

Finding (2003-6)

**CONDITION:**

1. The Sheriff did not report \$88,364 in expenditures from a U.S. Department of Justice grant award for a COPS Methamphetamine Grant.
2. A least \$322,561 in amounts reported on the state schedule were Actually federally funded expenditures

**CORRECTIVE ACTION:** The County Clerk will contact each department on Federal Funding before submitting schedule of Federal Financial Assistance.

Finding (2003-7)

# Board of County Commissioners

CADDO COUNTY COURTHOUSE

Post Office Box 1427 • Anadarko, Oklahoma 73005  
Telephone: 405/247-3105

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DON RECKER

District I  
LOOKEBA BARN  
457-6373

CRAIG GIBSON

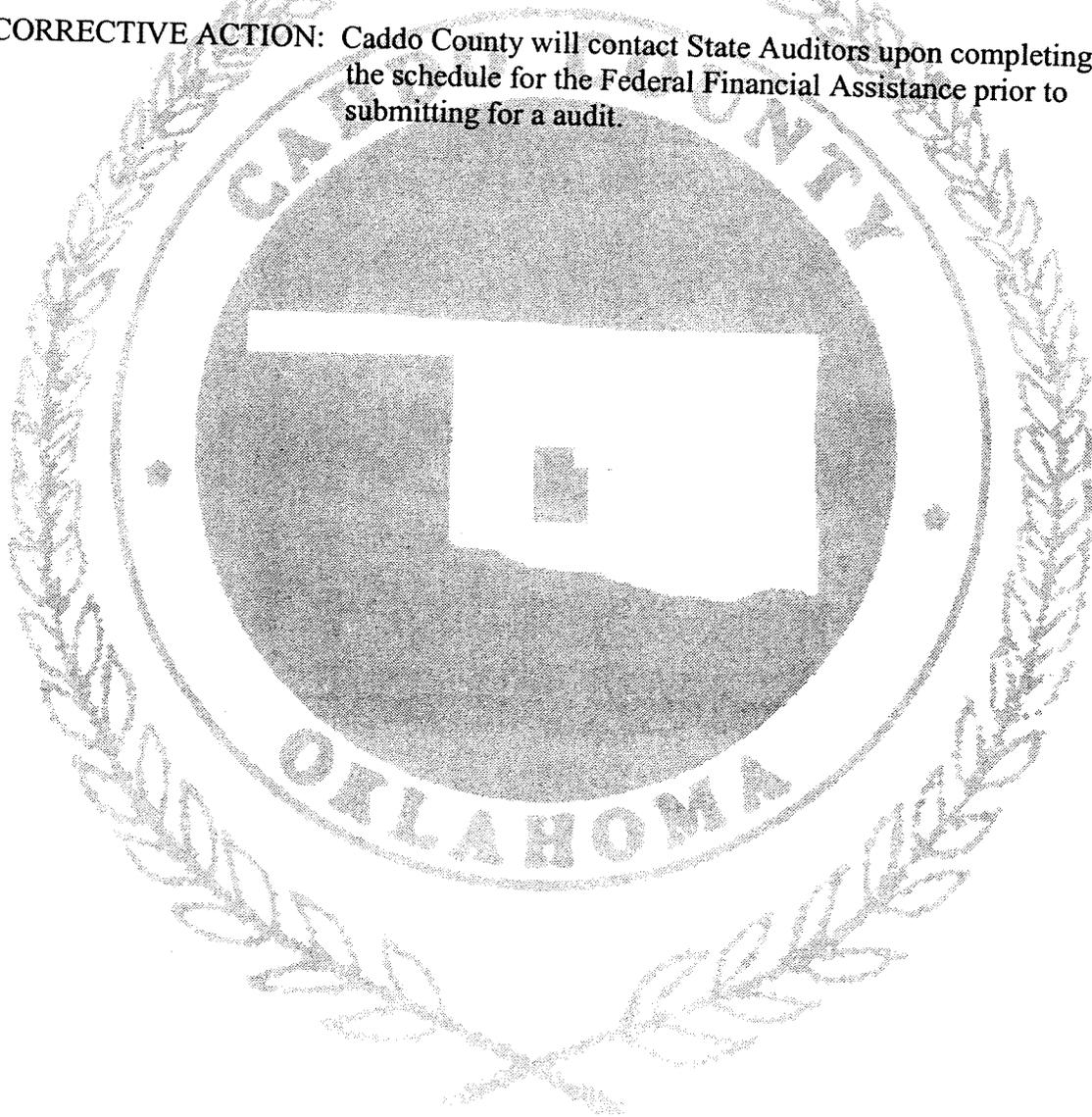
District II  
ANADARKO BARN  
247-5321

CARLOS SQUIRES

District III  
CARNEGIE BARN  
654-2294

**CONDITION:** Federal grant programs reported on the County's Schedule of Expenditures of Federal Awards had blank CFDA numbers, as well as erroneous CFDA program titles.

**CORRECTIVE ACTION:** Caddo County will contact State Auditors upon completing the schedule for the Federal Financial Assistance prior to submitting for an audit.



**Statistical Data  
(Unaudited)**

**CADDO COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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<b>TAXPAYER NAME</b>	<b>ASSESSED VALUE</b>	
Public Service Co. of Oklahoma	\$ 8,155,101	7.62%
Enogex, Inc.	6,584,249	6.15%
WFEC Genco LLC	5,398,610	5.05%
Enogex Gas Gathering LLC	3,655,845	3.42%
Southwestern Bell Telephone	3,077,207	2.88%
Oneok Gas Transportation LP	1,815,898	1.70%
Reliant Energy Gas Trans	1,183,717	1.11%
Nabors Drilling USA Inc.	1,091,640	1.02%
Carnegie Telephone Co. Inc.	987,981	0.92%
Natural Gas Pipeline Co.	908,697	0.85%
	<u>\$ 32,858,945</u>	<u>30.72%</u>

**CADDO COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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Total net assessed value as of January 1, 2002		<u>\$ 106,973,731</u>
Debt limit - 5% of total assessed value		\$ 5,348,687
Total bonds outstanding	-	
Total judgments outstanding	<u>-</u>	
Legal debt margin		<u>\$ 5,348,687</u>

**CADDO COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (UNAUDITED)**

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	2003
Estimated population	30,150
Net assessed value	\$ 106,973,731
Gross bonded debt	-
Less available sinking fund cash balance	242
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

**CADDO COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (UNAUDITED)**

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Tax Year	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
2002	\$25,166,965	\$28,803,110	\$59,172,255	\$6,168,599	\$106,973,731	\$16,110,494