

*Independent Auditor's Report*

***Caddo County Governmental Building Authority***

*Year Ended June 30, 2019*

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**ANADARKO, OKLAHOMA**  
**June 30, 2019**

**TABLE OF CONTENTS**

Independent Auditor's Report	A – 1
------------------------------	-------

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – Modified Cash Basis	B – 1
--	-------

Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	B – 2
--	-------

Statement of Cash Flows – Modified Cash Basis	B – 3
--	-------

Notes to Basic Financial Statements	C – 1
-------------------------------------	-------

**REPORT ON INTERNAL CONTROL AND COMPLIANCE**

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 <i>Government Auditing Standards</i>	D – 1
---	-------

Schedule of Findings and Responses	E – 1
------------------------------------	-------

Authority's Corrective Action Plan	
------------------------------------	--

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees  
Caddo County Governmental Building Authority  
Anadarko, Oklahoma

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the business-type activities of Caddo County Governmental Building Authority, Anadarko, Oklahoma, a component unit of Caddo County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements 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 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 the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority'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 statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the business-type activities of the Caddo County Governmental Building Authority, Anadarko, Oklahoma as of June 30, 2019, and the changes in modified cash basis financial position, and its cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, on our consideration of the Authority'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 Authority'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 the Authority's internal control over financial reporting and compliance.

*Angel, Johnston + Blessingame, P.C.*

Chickasha, Oklahoma  
May 4, 2020

## *Basic Financial Statements*

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Statement of Net Position**  
**Modified Cash Basis**  
**June 30, 2019**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 100,451
<i>Total Current Assets</i>	100,451

**Non Current Assets**

Restricted cash and cash equivalents	1,962,100
Land and other non-depreciable assets	116,909
Other capital assets, net of depreciation	14,511,750
<i>Total Non Current Assets</i>	16,590,759

<i>Total Assets</i>	16,691,210
---------------------	------------

**LIABILITIES**

**Current Liabilities**

Current portion long term debt	230,000
<i>Total Current Liabilities</i>	230,000

**Long-term Liabilities**

Bonds payable	14,770,000
<i>Total Long-term Liabilities</i>	14,770,000

<i>Total Liabilities</i>	15,000,000
--------------------------	------------

**NET POSITION**

Net investment in capital assets	(371,341)
Restricted	1,962,100
Unrestricted	100,451
	1,691,210

<i>Total Net Position</i>	\$ 1,691,210
---------------------------	--------------

The accompanying notes are an integral part of the financial statements.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2019**

<b>Operating Revenues</b>	
Sales tax income	\$ 1,547,987
Federal interest subsidy	173,630
Bond premium income	425,295
Administration fees	15,000
<i>Total Operating Revenues</i>	<u>2,161,912</u>
<b>Operating Expenses</b>	
Office expense	10,673
Bond issuance costs	580,250
Detention center/911	660,000
Depreciation expense	384,203
<i>Total Operating Expenses</i>	<u>1,635,126</u>
<i>Operating Income (Loss)</i>	<u>526,786</u>
<b>Non Operating Revenues (Expenses)</b>	
Interest income	46,601
Interest expense	(918,639)
<i>Total Non Operating Revenues (Expenses)</i>	<u>(872,038)</u>
<i>Change in Net Position</i>	(345,252)
<i>Net Position - Beginning of Year, restated</i>	<u>2,036,462</u>
<i>Net Position - End of Year</i>	<u><u>\$ 1,691,210</u></u>

The accompanying notes are an integral part of the financial statements.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2019**

<b>Cash flows from operating activities</b>	
Receipts for sales tax	\$ 1,547,987
Receipts for administration fees	15,000
Receipt for federal interest subsidy	173,630
Receipt for bond premium	425,295
Payment for bond issuance costs	(580,250)
Payment to vendors	(670,673)
<i>Net cash provided by (used for) operating activities</i>	<u>910,989</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from bond	15,000,000
Payment for bond principle	(16,310,000)
Payment for interest	(918,639)
Purchase of capital assets	(54,309)
<i>Net cash provided by (used for) capital and related financing activities</i>	<u>(2,282,948)</u>
<b>Cash flows from investing activities</b>	
Interest received	46,601
<i>Net cash provided by (used for) investing activities</i>	<u>46,601</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(1,325,358)
<i>Cash and cash equivalents at beginning of year, restated</i>	<u>3,387,909</u>
<i>Cash and cash equivalents at end of year</i>	<u><u>\$ 2,062,551</u></u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 100,451
Restricted cash and cash equivalents	<u>1,962,100</u>
Total cash and cash equivalents	<u><u>\$ 2,062,551</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 526,786
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	<u>384,203</u>
<i>Net cash provided by (used for) operating activities</i>	<u><u>\$ 910,989</u></u>

The accompanying notes are an integral part of the financial statements.



**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**NOTE 1 – Summary of Significant Accounting Policies**

**1.A. Financial Reporting Entity**

Caddo County Governmental Building Authority is a public trust created and established pursuant to the term of Title 60, Oklahoma Statutes 2003, Section 176 et seq.; as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The Authority was created October 30, 2003, for the benefit of Caddo County, State of Oklahoma, governmental agencies, municipalities and private entities, agencies and citizens included, in whole or in part within the corporate limits of Caddo County, in making the most efficient use of all of their economic resources and powers in accord with the needs and benefit of the State of Oklahoma and Caddo County in order to lessen the burdens on government and to stimulate economic growth and development of the Caddo County; to inventory the services, facilities and resources of the Caddo County, to own, operate and manage jails, prisons, correctional and related facilities; to foster and promote an improved economic climate within the Caddo County and to otherwise promote its general welfare and prosperity and to finance any and all programs, utilities, facilities or resources promoting or intending to promote any of the foregoing and, without restriction, in furtherance of the foregoing general objectives.

**Related Organizations**

**Caddo County** - Caddo County is the beneficiary of this public trust. The elected Caddo County Commissioners, Sheriff and District Attorney are also the Authority's trustees. Therefore, the Authority is considered to be a component unit of Caddo County.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. Caddo County Governmental Building Authority is a component unit of the governmental entity of Caddo County, Oklahoma. Caddo County's financial information is not presented in these financial statements. Caddo County financial audits are readily obtainable at, [www.sai.ok.gov](http://www.sai.ok.gov), the State Auditor's website.

**1.B. Basis of Presentation**

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All the activities of the Authority are business-type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**1.C. Measurement Focus and Basis of Accounting**

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**1.C. Measurement Focus and Basis of Accounting, (continued)**

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid with the following modifications:

- Capital assets and the depreciation of those assets, where applicable
- Long-term debt is recorded when incurred

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

**1.D. Assets, Liabilities and Net Position**

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Restricted Assets – Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are as follows:

**Refunding Revenue Fund** – The account receives sales tax income that comes from 3/8<sup>ths</sup> of one-cent county sales tax that is restricted for servicing the principal and interest payments of the sales tax revenue refunding bonds.

**Gross Revenue Fund** – The account receives sales tax income that comes from 3/8<sup>ths</sup> of one-cent county sales tax that is restricted for servicing the principal and interest payments of the sales tax revenue refunding bonds and for operations.

**Project Fund** - The bond accounts restricted by the bond indenture for the remodel of the county courthouse and confinement facility construction.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**1.D. Assets, Liabilities and Net Position, (continued)**

Capital Assets – Capital assets acquired are capitalized and stated at historical cost or estimated historical cost, if actual historical cost is not available. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed. The Authority does not have a capitalization threshold amount. Depreciation of exhaustible capital assets are recorded as an expense over the estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Detention Center	40 Years
Building Renovations	40 Years
Equipment and Furniture	7 - 10 Years

Bonds Payable - Bonds Payable to be repaid from the Authority resources are reported as liabilities in the Statement of Net Position. See Note 6.

Net Position – Net Position is divided into three components:

- a. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**1.E. Revenues and Expenses**

Operating and Non-operating Revenues - Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses - The Authority reports expenses relating to the use of economic resources.

**1.F. Estimates**

Certain estimates are made in the preparation of the modified cash basis financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

**Note 2 - Deposits, Investments, and Collateral**

Deposits and Investments – The Authority does not have a written investment policy that limits its investment choices. Investments are limited by state statute and declaration of trust.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but *Oklahoma Statutes* requires collateral for all uninsured deposits of public trust funds in financial institutions. At June 30, 2019, the Authority was not exposed to custodial credit risk.

**Note 3 - Restricted Assets**

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash restricted by bond indenture and sales tax resolution. The restricted assets as of June 30, 2019 were as follows:

Type of Restricted Asset	Restricted Cash and Cash Equivalents
Refunding Revenue Fund	\$426,613
Gross Revenue Fund	\$1,441,915
Project Fund	\$93,572
Total	<hr/> \$1,962,100

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 4 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Construction in progress	\$ 1,871,086	\$ 54,309	\$1,925,395	\$ -
Land	<u>116,909</u>	<u>-</u>	<u>-</u>	<u>116,909</u>
Total non-depreciable assets	<u>1,987,995</u>	<u>54,309</u>	<u>1,925,395</u>	<u>116,909</u>
Depreciable assets:				
Detention center facilities	14,807,573	1,925,395	-	16,732,968
Equipment and furniture	<u>19,795</u>	<u>-</u>	<u>-</u>	<u>19,795</u>
Total depreciable assets	<u>14,827,368</u>	<u>1,925,395</u>	<u>-</u>	<u>16,752,763</u>
Less accumulated depreciation:				
Detention center facilities	1,850,946	382,223	-	2,233,169
Equipment and furniture	<u>5,864</u>	<u>1,980</u>	<u>-</u>	<u>7,844</u>
Total accumulated depreciation	<u>1,856,810</u>	<u>384,203</u>	<u>-</u>	<u>2,241,013</u>
Net depreciable assets	<u>12,970,558</u>	<u>1,541,192</u>	<u>-</u>	<u>14,511,750</u>
Net capital assets	<u>\$14,958,553</u>	<u>\$ 1,595,501</u>	<u>\$ 1,925,395</u>	<u>\$14,628,659</u>

**Note 5 - Lease Agreement and Operation and Maintenance Contract**

On September 2, 2010 the Authority (lessor) and the County (lessee) entered into a lease agreement and operation and maintenance contract, whereby the County leases the detention facilities from the Authority and agrees to operate and maintain the jail facilities or to pay the cost thereof. The lease term commences September 2, 2010 and ends September 2, 2041, unless terminated sooner: provided that all indebtedness secured by the facilities has been paid. The funding and amounts of the debt payments are described in Note 6.

**Note 6 - Long-term Debt**

Sales Tax Revenue Bonds Series 2010:

In September 2010 the Authority issued \$17,170,000 in 4.13% to 5.09% sales tax bonds to fund construction of the Caddo County Detention Facility and County Courthouse renovation. The bonds were backed by three quarters (0.75) of one percent county sales tax approved by a majority of voters in Caddo County and expires September 2040 (30 years). Payments made totaled \$16,841,143 of which \$531,143 was interest. The sales tax revenue bond balance on June 30, 2019 was \$0. The bonds were paid off with the Sales Tax Revenue Refunding Bonds Series 2018.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 6 - Long-term Debt, (continued)**

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Balance Due in 1 year</u>
<b>Business-type Activities:</b>					
Notes from direct borrowings	\$ <u>16,310,000</u>	\$ <u>          -</u>	\$ <u>16,310,000</u>	\$ <u>          -</u>	\$ <u>          -</u>

Sales Tax Revenue Refunding Bonds Series 2018:

In July 2018 the Authority issued \$15,000,000 in 3.00% to 5.00% sales tax refunding bonds due in annual installments of principal and semi-annual installments of interest beginning March 2019, final installment due September 2040, to refund the sales tax revenue bonds series 2010. The bonds are payable from and secured by a pledge of the gross proceeds of three quarters (0.75) of one percent county sales tax approved by a majority of voters in Caddo County and expires September 2040 (30 years). Payments made totaled \$387,496 of which \$387,496 was interest. The sales tax revenue refunding bond balance on June 30, 2019 was \$15,000,000.

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Balance Due in 1 year</u>
<b>Business-type Activities:</b>					
Notes from direct borrowings	\$ <u>          -</u>	\$ <u>15,000,000</u>	\$ <u>          -</u>	\$ <u>15,000,000</u>	\$ <u>  230,000</u>

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 6 - Long-term Debt, (continued)**

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 230,000	\$ 873,081
2021	320,000	949,331
2022	360,000	972,331
2023	395,000	988,456
2024	430,000	1,002,831
2025-2029	2,710,000	5,275,125
2030-2034	3,695,000	5,527,972
2035-2039	4,675,000	5,914,050
2040-2041	<u>2,185,000</u>	<u>2,323,575</u>
	<u>\$ 15,000,000</u>	<u>\$ 23,826,752</u>

In the event of default, at its sole option and discretion (after first giving the Authority one hundred twenty (120) days written notice to comply therewith and failure of the Authority to so comply within said one hundred twenty (120) day period), either in its own name or in the name of the Authority, the Trustee may exercise any legal remedy it may have in law or in equity, including, but not limited to any one or more of the following: acceleration of maturities; compromise or discharge any such liens, adverse claims and demands, claim or liability, and encumbrances; make any such repairs; eliminate any such waste; cause each such statute, rule or regulation to be complied with; procure and provide any such insurance; enter an appearance in and defend against any such judicial or other proceedings and file and prosecute therein such cross-petition or counterclaim as to the Trustee may deem proper; institute and prosecute all such suits and actions as may be deemed necessary, expedient or advisable to allay and remove any such adverse claim or other difficulty or obstacle, and (without limitation by virtue of the express enumeration of powers hereinabove) as it may deem proper for the protection of the Trust Estate and the Bonds, all at the Authority's expense. Upon the occurrence of any Event of Default described in the Indenture, the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then outstanding and the interest accrued thereon including any other indebtedness, obligations and sums secured by the Indenture, including attorney's fees, immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 7 - Risk Management**

As per the lease agreement as described in Note 5 the County (lessee) will carry and maintain insurance with respect to the facilities and has secured insurance through The Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG). Property is insured for \$8,600,000, there is comprehensive insurance coverage of \$1,000,000. Coverage is subject to a \$25,000 deductible.

**Note 8 - Economic Dependency**

The Authority is dependent upon repayment of bonds solely from the County sales tax revenue.

**Note 9 – Prior Period Adjustment**

Adjustments were made to the beginning net position to record one half of the three quarters of one percent sales tax that had previously been reported as a County account.

Beginning Net Position (as previously reported)	\$ 1,279,020
Adjust Cash (Sales Tax)	<u>757,442</u>
Beginning Net Position, restated	\$ 2,036,462

**Note 10 - Subsequent Events**

Subsequent events were evaluated through the date of the audit report, which is the date the financial statements were available to be issued and it has been determined that no additional information needs to be added to the financial statements.



***REPORT ON INTERNAL CONTROL  
AND COMPLIANCE***

**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**

The Honorable Board of Trustees  
Caddo County Governmental Building Authority  
Anadarko, 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 modified cash basis financial statements of the business-type activities of the Caddo County Governmental Building Authority, Anadarko, Oklahoma, a component unit of Caddo County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated, May 4, 2020. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Caddo County Governmental Building Authority, Anadarko, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2019-001, 2019-002.

### **Compliance and Other Matters**

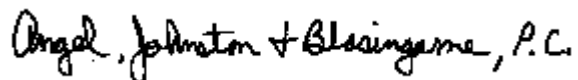
As part of obtaining reasonable assurance about whether Caddo County Governmental Building Authority, Anadarko, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-001, 2019-001.

### **Caddo County Governmental Building Authority, Anadarko, Oklahoma's, Response to Findings**

Caddo County Governmental Building Authority, Anadarko, Oklahoma's response to the findings identified in our audit are described in the attached corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Chickasha, Oklahoma  
May 4, 2020

**CADDO COUNTY GOVERNMENTAL BUILDING AUTHORITY**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2019**

2019-001 *Criteria* – The Authority should reconcile the bank accounts to their records each month.

*Condition* – Presently the bank accounts are not being reconciled monthly.

*Cause* – The Authority has had a change in personnel and the duties of reconciling bank accounts were not done by the new employee. There has also been a change in accounting for the accounts.

*Effect or Potential Effect* – Without proper handling of accounts and monthly bank reconciliations, there is an increased risk of misappropriation of funds, error and fraud.

*Recommendation* – Bank accounts should be reconciled on a monthly basis. Also, the responsibility of bank reconciliations should be clearly assigned to one employee.

*Management response* – See Authority’s corrective action plan.

2019-002 *Criteria* – A sales tax levy of three-quarters of one percent was issued to construct a detention facility. A portion of the sales tax, three-eighths of one percent has a limited duration of 30 years or payment in full of debt, whichever occurs earlier. The remaining portion of such sales tax, three-eighths of one percent is to continue until repealed for the purpose of operations and maintenance.

*Condition* –The Authority is not recording the sales tax revenue to ensure the correct amount is going to retire debt.

*Cause* – The lack of recording sales tax revenue according to the sales tax levy was due to an oversight by the Authority.

*Effect or Potential Effect* – If the sales tax levy is not followed and recorded, then it could cause the sales tax levy for the debt to be collected longer than the bond requires or an under collection of the required amount.

*Recommendation* – We recommend the Authority keep a reconciliation of the total sales tax collected and the portion required to be used solely for debt.

*Management Response* – See Authority’s corrective action plan.

***AUTHORITY'S CORRECTIVE ACTION PLAN***

# Caddo County Treasurer

**Treasurer**

Regina Moser  
Chief Deputy  
Delta Reynolds

Caddo County Court House  
110 SW 2<sup>nd</sup> Street, Suite 104  
P.O. Box 278  
Anadarko, OK 73005

**Deputies**

Kathy Castro  
Amy Whalen  
Sherry McCathern

Tele: 405-247-5151

Fax: 405-247-7091

E-Mail: [caddotax@sbcglobal.net](mailto:caddotax@sbcglobal.net)

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

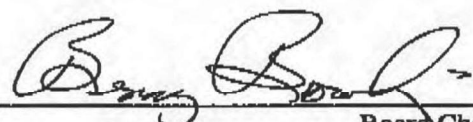
AUDIT YEAR June 30, 2019

AUDIT FINDING REFERENCE NUMBER: 2019-001

MANAGEMENT RESPONSE: Bank accounts will be reconciled on a monthly basis by our treasurer for the Caddo County Governmental Building Authority.

AUDIT FINDING REFERENCE NUMBER: 2019-002

MANAGEMENT RESPONSE: The Authority will be recording sales tax revenue to ensure the correct amount is going to retire debt.

  
Board Chairman

May 4, 2020

Date