

Independent Auditor's Report

Comanche County Facilities Authority

Year Ended June 30, 2019

**COMANCHE COUNTY FACILITIES AUTHORITY
LAWTON, OKLAHOMA
June 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Comanche County Facilities Authority
Lawton, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the business-type activities of Comanche County Facilities Authority, Lawton, Oklahoma, a component unit of Comanche 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 Comanche County Facilities Authority, Lawton, 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.

Angela Johnston + Blessingame, P.C.

Chickasha, Oklahoma
May 4, 2020

COMANCHE COUNTY FACILITIES AUTHORITY
Statement of Net Position - Modified Cash Basis
June 30, 2019

ASSETS	Dentention Center	Non-Major Fund Emergency Management	Non-Major Fund Volunteer Fire Dept.	TOTAL
Current Assets				
Cash and cash equivalents	\$ 89,096	\$ 12,107	\$ 517,202	\$ 618,405
Restricted cash-inmate trust funds	109,557	-	-	109,557
<i>Total Current Assets</i>	198,653	12,107	517,202	727,962
Non Current Assets				
Capital assets-net of depreciation	6,732,815	59,622	-	6,792,437
<i>Total Assets</i>	6,931,468	71,729	517,202	7,520,399
LIABILITIES				
Current Liabilities				
Inmate trust funds payable	41,397	-	-	41,397
Current portion capital lease payable	3,848	-	-	3,848
<i>Total Current Liabilities</i>	45,245	-	-	45,245
Non Current Liabilities				
Note payable CCHFA (BOK) Fund	552,354	-	-	552,354
Capital lease payable	1,088	-	-	1,088
<i>Total Non Current Liabilities</i>	553,442	-	-	553,442
<i>Total Liabilities</i>	598,687	-	-	598,687
NET POSITION				
Net investment in capital assets	6,175,525	59,622	-	6,235,147
Restricted - inmate trust funds	68,160	-	-	68,160
Unrestricted	89,096	12,107	517,202	618,405
<i>Total Net Position</i>	\$ 6,332,781	\$ 71,729	\$ 517,202	\$ 6,921,712

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

COMANCHE COUNTY FACILITIES AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis
For the Year Ended June 30, 2019

	Detention Center	Non-Major Fund Emergency Management	Non-Major Fund Volunteer Fire Dept.	TOTAL
Operating Revenues				
Lease revenues from county sales tax	\$ 3,259,020	\$ -	\$ 251,376	\$ 3,510,396
Contract revenues	266,846	1,847	-	268,693
Comanche county appropriations	-	326,143	-	326,143
Comanche county use tax	150,212	21,450	-	171,662
Inmate revenue	232,004	-	-	232,004
Grant revenue	5,173	4,000	-	9,173
Miscellaneous income	10,183	96	-	10,279
<i>Total Operating Revenues</i>	3,923,438	353,536	251,376	4,528,350
Operating Expenses				
Automobile expenses	20,965	5,289	-	26,254
Facilities maintenance	77,444	8,668	-	86,112
Depreciation expense	315,276	24,721	-	339,997
Inmate items	11,526	-	-	11,526
Inmate uniforms/bedding	14,834	-	-	14,834
Inmate food costs	345,958	-	-	345,958
Inmate medical expenses	32,281	-	-	32,281
Insurance	150,212	21,450	-	171,662
Janitorial supplies	44,885	-	-	44,885
Office expense	81,974	10,233	-	92,207
Payroll expense - wages	1,839,902	187,046	-	2,026,948
Payroll expense - employee benefits & costs	658,290	61,759	-	720,049
Payroll taxes	140,836	13,911	-	154,747
Professional fees	20,985	8,225	-	29,210
Staff uniforms, supplies & misc expenses	8,212	284	-	8,496
Supplies	13,591	4,894	-	18,485
Travel & training costs	8,004	5,449	-	13,453
Utilities	233,525	3,327	-	236,852
Telephone	15,464	9,101	-	24,565
Grant expense	1,138	-	-	1,138
Volunteer fire departments expenses	-	-	137,320	137,320
<i>Total Operating Expenses</i>	4,035,302	364,357	137,320	4,536,979
<i>Operating Income (Loss)</i>	\$ (111,864)	\$ (10,821)	114,056	\$ (8,629)
Non-Operating Revenues (Expenses)				
Interest expense on loan	(2,851)	-	-	(2,851)
Gain (loss) on sale of assets	(99)	(210)	-	(309)
<i>Total Non-Operating Revenues (Expenses)</i>	(2,950)	(210)	-	(3,160)
<i>Income (Loss) Before Transfers</i>	(114,814)	(11,031)	114,056	(11,789)
Transfers In/Out	-	-	-	-
<i>Change in Net Position</i>	(114,814)	(11,031)	114,056	(11,789)
<i>Net Position - Beginning of Year</i>	6,447,595	82,760	403,146	6,933,501
<i>Net Position - End of Year</i>	\$ 6,332,781	\$ 71,729	517,202	\$ 6,921,712

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

COMANCHE COUNTY FACILITIES AUTHORITY
Statement of Cash Flows - Modified Cash Basis
For the Year Ended June 30, 2019

	Detention Center	Non-Major Fund Emergency Management	Non-Major Fund Volunteer Fire Dept.	TOTAL
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,913,257	\$ 353,439	\$ 251,376	\$ 4,518,072
Payments to employees	(2,639,028)	(262,715)	-	(2,901,743)
Payments to suppliers	(1,083,205)	(76,920)	(137,320)	(1,297,445)
Other receipts (payments)	10,183	96	-	10,279
<i>Net Cash Provided by (used for) Operating Activities</i>	201,207	13,900	114,056	329,163
Cash Flows from Noncapital Financing Activities				
Proceeds from debt	-	-	-	-
Payments for debt service (prin and int)	(51,502)	-	-	(51,502)
<i>Net Cash Provided by (used for) Noncapital Financing Activities</i>	(51,502)	-	-	(51,502)
Cash Flows from Capital and Related Financing Activities				
Proceeds from capital debt	-	-	-	-
Payments for debt service (prin and int)	(4,500)	-	-	(4,500)
Purchase of capital assets	(42,232)	(14,398)	-	(56,630)
<i>Net Cash Provided by (used for) Capital and Related Financing Activities</i>	(46,732)	(14,398)	-	(61,130)
Cash Flows from Investing Activities				
Investment earnings	-	-	-	-
<i>Net Cash Provided by (used for) Investing Activities</i>	-	-	-	-
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	102,973	(498)	114,056	216,531
<i>Cash and Cash Equivalents - Beginning of Year</i>	95,680	12,605	403,146	511,431
<i>Cash and Cash Equivalents - End of Year</i>	\$ 198,653	\$ 12,107	\$ 517,202	\$ 727,962
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	(111,864)	(10,821)	114,056	(8,629)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (used) by Operating Activities				
Depreciation Expense	315,276	24,721	-	339,998
Increase (Decrease) in Payables	(2,207)	-	-	(2,207)
<i>Net Cash Provided by (used for) Operating Activities</i>	\$ 201,207	\$ 13,900	\$ 114,056	\$ 329,163

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

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

1.A. Reporting Entity

Comanche County Facilities Authority, Lawton, Oklahoma, is a public trust created and established pursuant to Title 60, Oklahoma Statutes 1991, Section 176 et seq.; as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The purpose of this trust is to stimulate economic growth and development of Comanche County; to inventory the services, facilities and resources of Comanche County, to own, operate and manage jails, prisons, correctional and related facilities; to foster and promote an improved economic climate within Comanche 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. The Authority also operates the Emergency Management System and distributes sales tax to the County Volunteer Fire Departments.

Related Organizations

Comanche County Comanche County is the beneficiary of this public trust. The elected Comanche County commissioners are the Authority's trustees. Therefore, the Authority is considered to be a component unit of Comanche County.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. Comanche County Facilities Authority is a component unit of the governmental entity of Comanche County, Oklahoma. Comanche County's financial information is not presented in these financial statements. Comanche County financial audits are readily obtainable at www.sai.ok.gov, the State Auditor's website.

1.B. Basis of Presentation

The Authority's funds are enterprise funds. 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.

Proprietary Funds

1. Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The reporting entity includes the following enterprise funds:

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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

1.B. Basis of Presentation (continued)

Major Enterprise Funds:

Detention Center – Accounts for the activities of the public trust in providing jail facilities.

Non-Major Enterprise Funds:

Emergency Management – Accounts for the emergency management services provided to the county.

Volunteer Fire Department – Provides funding to various County Volunteer Fire Departments.

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.

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 are recorded when purchased and related depreciation is recorded.
- Inmate trust funds charges due but not disbursed are recorded as liabilities.
- Long-term debt is recorded when incurred.

This basis is a 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.

COMANCHE COUNTY FACILITIES 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)

Restricted Assets – Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to inmate trust funds.

Capital Assets – Capital assets are capitalized and stated at cost. Depreciation of exhaustible capital assets is recorded as an expense over the estimated useful lives using the straight-line method. The Authority does not have a capitalization threshold amount.

The range of estimated useful lives by type of asset is as follows:

Jail Facilities	40 Years
Food Service Equipment	25 Years
Equipment/Vehicles	7 - 10 Years
Emergency Mgmt	7 - 10 Years

Current Liabilities – Current liabilities of the Authority include inmate trust funds and the current portion of the capital lease. Inmate trust funds consist of restricted funds received from inmates to pay for miscellaneous expenses incurred during incarceration. The money is payable to inmates upon release if any funds remain after payment of all expenses.

Non-Current Liabilities – Long-term debt to be repaid from Authority resources are reported as non-current liabilities in the Statement of Net Position. The long-term debt is presently comprised of one note (See Note 5) and one capital lease (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.

COMANCHE COUNTY FACILITIES AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

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 these 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 *Oklahoma Statutes* and the trust indenture.

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* require 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 consist of funds restricted for inmates. The restricted assets as of June 30, 2019 were as follows:

<u>Type of Restricted Assets</u>	<u>Restricted Cash and Cash Equivalents</u>
Inmate Trust Funds	<u>\$ 109,557</u>

COMANCHE COUNTY FACILITIES 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>Disposals</u>	<u>Ending Balance</u>
Depreciable Assets:				
Facilities	\$ 10,493,089	\$ -	\$ -	\$10,493,089
Food Service Equipment	121,605	22,901	(1,408)	143,098
Equipment	277,036	11,215	-	288,251
Computer & Software Equipment	89,916	22,343	(2,004)	110,255
Furniture & Fixtures	24,333	170	-	24,503
Vehicles	<u>256,529</u>	<u>-</u>	<u>-</u>	<u>256,529</u>
Total Depreciable Assets	<u>11,262,508</u>	<u>56,629</u>	<u>(3,412)</u>	<u>11,315,725</u>
Less Accumulated Depreciation	<u>(4,186,394)</u>	<u>(339,997)</u>	<u>3,103</u>	<u>(4,523,288)</u>
Total Capital Assets, Net	<u>\$ 7,076,114</u>	<u>\$ (283,368)</u>	<u>\$ (309)</u>	<u>\$ 6,792,437</u>

Depreciation expense for the year was charged to functions as follows:

Business-type Activities:

Detention Center	\$ 315,276
Emergency Management	<u>24,721</u>

Total depreciation expense for business-type activities \$ 339,997

Note 5 – Long-term Debt/ Line of Credit

Note Payable – Comanche County Facilities Authority Sales Tax Anticipation Note, Series 2014 - In August 2014 the Authority approved a resolution to issue a sales tax anticipation note. This note is a Supplemental Indenture of the Sales Tax Revenue Bonds Series 2001 and is a revolving line of credit with outstanding principal limited to \$900,000. This note was funded by the Comanche County Home Finance Authority, to fund jail improvements and operational costs until the increased sales tax collections were realized. Initial funding was \$750,000 leaving \$150,000 unused line of credit. Bank of Oklahoma Finance is the trustee of the funds. Repayment is at the discretion of the Authority Board, as funds become available. Loan principal must be paid by December 31, 2021, the maturity date. The interest rate is variable and determined as the best rate for a 1 year Certificate of Deposit at BancFirst of Lawton, Oklahoma, on the anniversary month, August. This note is secured by a Sales Tax Agreement between the Authority and the County. In 2001, the Authority issued bonds payable from the proceeds of a one-fourth of one percent (1/4%) sales tax for the purpose of constructing and equipping the Comanche County jail facilities, which bonds have been retired. That percentage was reduced and extended in 2007 and has now been replaced by three-eighths of one percent (3/8%) sales tax approved by the voters and became effective January 1, 2015. In the event a default occurs with respect to this note, the holder hereof shall be entitled to

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 5 – Long-term Debt/ Line of Credit, (continued)

recover from the Authority, in addition to all other sums then due, the holder’s reasonable costs of collection, including a reasonable fee for the holder’s attorney.

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>
Business-type Activities:					
Notes from direct borrowings	\$ 602,354	\$ -	\$ 50,000	\$ 552,354	\$ -

Note 6 – Capital Lease Payable

In August 2015, the Authority entered into a capital lease agreement with Standley Systems in the amount of \$14,106. The lease payment is \$375 per month for 60 months and includes a \$1 purchase option. At the end of the term, the Authority will own the equipment outright.

Changes in capital lease 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>
Business-type Activities:					
Capital lease payable	\$ 8,086	\$ -	\$ 3,150	\$ 4,936	\$ 3,848

Capital assets obtained from capital leases and related depreciation are as follows:

Business-Type Activities:	
Equipment	\$ 6,236
Computer Equipment/Software	7,870
Less accumulated depreciation	<u>(10,814)</u>
	<u>\$ 3,292</u>

Principal maturities and the amount representing interest on capital leases at June 30, 2019 are as follows:

	<u>Year Ending June 30</u>
	2020
	4,500
	2021
	<u>1,125</u>
Present value of future minimum lease payments	5,625
Less Interest	<u>(689)</u>
Net minimum lease payments	<u>\$ 4,936</u>

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 7 – Employee Pension Plans

Plan Description – The Comanche County Facilities Authority, as the employer, participates in the Oklahoma Public Employees Retirement Plan - a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

Benefit Provisions – OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect to early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

Employees

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 7 – Employee Pension Plans, (continued)

Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Funding Policy - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay.

The Authority's contributions to the Plan for the years ending:

June 30, 2015	\$281,677
June 30, 2016	\$299,965
June 30, 2017	\$317,035
June 30, 2018	\$318,595
June 30, 2019	\$312,734

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 8 – Lease Agreement and Operation and Maintenance Contract

On July 1, 2001 the County (lessor) and the Authority (lessee) entered into a lease agreement and operation and maintenance contract, whereby the Authority leases the jail facilities from the County and agrees to operate and maintain the jail facilities or to pay the cost thereof. The lease term commences July 1, 2001 and ends June 30, 2041, unless terminated sooner: provided that all indebtedness secured by the facilities has been paid.

Note 9 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in a risk pool to cover these risks, including general and auto liability, property damage, public officials' liability and blanket bond coverage. The risk pool is the Association of County Commissioners of Oklahoma-Self Insured Group (ACCO-SIG) that operates as a common risk management and insurance program and is to be self-sustaining through member premiums. If claims exceed pool assets, the District would have to pay its share of the pool deficit. The lines of coverage and limits of liability afforded by ACCO-SIG are subject to a \$10,000 deductible and are as follows: Blanket Bond Coverage \$100,000, Comprehensive General Liability \$1,000,000, and Public Officials Wrongful Acts, \$2,000,000. The pool has not assessed additional premiums to be paid by its members in the past three years.

The District also participates in a risk pool for Workers' Compensation coverage. The risk pool is the Association of County Commissioners of Oklahoma-Self Insured Fund that operates as a common risk management and insurance program and is to be self-sustaining through member premiums. If claims exceed pool assets, the District would have to pay its share of the pool deficit. The pool has not assessed additional premiums to be paid by its members in the past three years.

There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three fiscal years.

Note 10 – Commitments and Contingencies

Compensated Absences

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave, compensatory time earned but unpaid at year-end and banked holiday) are not reflected in the financial statements. At June 30, 2019 the liabilities are as follows: the Detention Center \$373,489 and Emergency Management \$18,313.

COMANCHE COUNTY FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 11 – Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued and has 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
Comanche County Facilities Authority
Lawton, 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 governmental activities and major fund of the Comanche County Facilities Authority, Lawton, Oklahoma, a component unit of Comanche 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, TBD. 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 Comanche County Facilities Authority, Lawton, 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.

Compliance and Other Matters

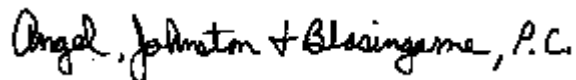
As part of obtaining reasonable assurance about whether Comanche County Facilities Authority, Lawton, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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.

Comanche County Facilities Authority, Lawton, Oklahoma's, Response to Findings

Comanche County Facilities Authority, Lawton, 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

COMANCHE COUNTY FACILITIES AUTHORITY
Schedule of Findings and Responses
For the Year Ended June 30, 2019

2019-001 *Criteria* – Proper purchasing procedures indicate that the signature of the person receiving the goods or services be denoted on the face of the invoice or packing slip.

Condition – During our testing of the expenditures program, we noted 6 of 20 – Detention Center, 0 of 7 – Emergency Management and 3 of 13 – Volunteer Fire Department were not signed to acknowledge the receipt of goods or services.

Cause – Employees are not always following proper purchasing procedures.

Effect or Potential Effect – Failure to provide acknowledgement of receipt of goods or services could lead to fraudulent or incorrect invoices being paid.

Recommendation – We recommend that all invoices be signed to denote receipt of goods or services.

Management Response – See Corrective Action Plan.

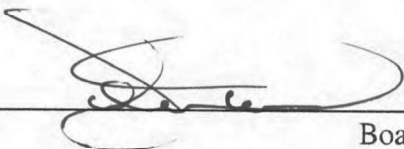
AUTHORITY'S CORRECTIVE ACTION PLAN

AMENDED
AUDIT FINDINGS
CORRECTIVE ACTION PLAN

AUDIT YEAR 2019

AUDIT FINDING REFERENCE NUMBER: 2019-001

MANAGEMENT RESPONSE: To follow policies and procedures
in signing invoices & receiving reports to
acknowledge receipt of goods & services



Board Chairman

June 1, 2020

Date