

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**June 30, 2015**

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the 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 Comanche County Facilities Authority, Lawton, Oklahoma, a component unit of Comanche County, as of and for the year ended June 30, 2015, 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 the 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 error or fraud.

### 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 financial audits contained in *Government Auditing Standards* issued by the Controller 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 from 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 of 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

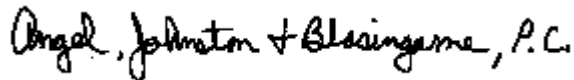
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the business-type activities of Comanche County Facilities Authority, a component unit of Comanche County, Oklahoma, as of June 30, 2015, and the respective changes in financial position—modified cash basis and cash flows—modified cash basis, thereof 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 that matter.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, June 13, 2016 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 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 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 & BLASINGAME, P. C.  
Chickasha, Oklahoma  
June 13, 2016

# *Basic Financial Statements*

**COMANCHE COUNTY FACILITIES AUTHORITY**

Statement of Net Position - Modified Cash Basis

June 30, 2015

<b>ASSETS</b>	<u>Dentention Center</u>	<u>Emergency Management</u>	<u>Non-Major Fund Volunteer Fire Dept.</u>	<u>TOTAL</u>
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 361,025	\$ 95,345	\$ 337,446	\$ 793,816
Restricted Cash-Inmate Trust Funds	<u>49,604</u>	<u>-</u>	<u>-</u>	<u>49,604</u>
<i>Total Current Assets</i>	410,630	95,345	337,446	843,421
<b>Non Current Assets</b>				
Capital Assets-Net of Depreciation	<u>7,811,542</u>	<u>50,351</u>	<u>-</u>	<u>7,861,893</u>
<i>Total Assets</i>	<u>8,222,172</u>	<u>145,696</u>	<u>337,446</u>	<u>8,705,314</u>
 <b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payroll Liabilities	60,597	7,052	-	67,649
Inmate Trust Funds Payable	24,448	-	-	24,448
Inmate Trust Funds - Commissary Payable	25,209	-	-	25,209
N/P CCHFA (BOK) Fund	647,463	-	-	647,463
N/P CCHFA Principal Fund	<u>177,300</u>	<u>-</u>	<u>-</u>	<u>177,300</u>
<i>Total Current Liabilities</i>	935,017	7,052	-	942,068
<b>Non Current Liabilities</b>				
<i>Total Non Current Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	935,017	7,052	-	942,068
 <b>NET POSITION</b>				
Invested in Capital Assets, net of related debt	7,811,542	50,351	-	7,861,893
Restricted	-	-	-	-
Unrestricted	<u>(524,387)</u>	<u>88,293</u>	<u>337,446</u>	<u>(98,648)</u>
<i>Total Net Position</i>	<u>\$ 7,287,155</u>	<u>\$ 138,644</u>	<u>\$ 337,446</u>	<u>\$ 7,763,245</u>

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 Ending June 30, 2015

	Detention Center	Emergency Management	Non-Major Fund Volunteer Fire Dept.	TOTAL
<b>Operating Revenues</b>				
Lease Revenues from County Sales Tax	\$ 2,073,585	\$ -	\$ 267,943	\$ 2,341,527
Contract Revenues	748,018	-	-	748,018
Comanche County Appropriations	95,378	362,097	-	457,475
Inmate Revenue	206,052	-	-	206,052
Grant Revenue	-	111,122	-	111,122
Miscellaneous Income	22,940	11	-	22,952
<i>Total Operating Revenues</i>	<u>3,145,973</u>	<u>473,230</u>	<u>267,943</u>	<u>3,887,146</u>
<b>Operating Expenses</b>				
Automobile Expenses	17,071	4,981	-	22,052
Contract Labor	-	-	-	-
Facilities Maintenance	81,580	7,941	-	89,521
Depreciation Expense	322,377	17,313	-	339,691
Inmate Items	10,337	-	-	10,337
Inmate Uniforms/Bedding	9,054	-	-	9,054
Inmate Food Costs	335,655	-	-	335,655
Inmate Medical Expenses	32,470	-	-	32,470
Inmate Gang Pay	3,740	-	-	3,740
Insurance	134,809	21,124	-	155,932
Interest Expense	-	-	-	-
Janitorial Supplies	48,994	-	-	48,994
Office Expense	47,814	6,751	141	54,706
Payroll Expense - Wages	1,695,288	139,871	-	1,835,158
Payroll Expense - Employee Benefits & Costs	569,488	42,324	-	611,811
Payroll Taxes	146,019	11,138	-	157,157
Professional Fees	24,971	3,979	-	28,950
Staff Uniforms, Supplies & Misc Expenses	5,433	575	-	6,008
Supplies	6,449	1,398	-	7,847
Travel & Training Costs	6,759	1,994	-	8,753
Utilities	218,492	5,197	-	223,689
Telephone	8,637	10,861	-	19,498
Grant Expenses/Supplies	-	102,429	-	102,429
Volunteer Fire Departments Expenses	-	-	215,427	215,427
<i>Total Operating Expenses</i>	<u>3,725,436</u>	<u>377,873</u>	<u>215,568</u>	<u>4,318,877</u>
<i>Operating Income (Loss)</i>	<u>\$ (579,463)</u>	<u>\$ 95,356</u>	<u>52,375</u>	<u>\$ (431,731)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Other/Investment Income	-	-	-	-
<i>Total Non-Operating Revenues (Expenses)</i>	-	-	-	-
<i>Income (Loss) Before Transfers</i>	(579,463)	95,356	52,375	(431,731)
Transfers In/Out	-	-	-	-
<i>Change in Net Position</i>	(579,463)	95,356	52,375	(431,731)
<i>Net Position - Beginning of Year</i>	<u>7,866,618</u>	<u>43,288</u>	<u>285,070</u>	<u>8,194,976</u>
<i>Net Position - End of Year</i>	<u>\$ 7,287,155</u>	<u>\$ 138,644</u>	<u>337,446</u>	<u>\$ 7,763,245</u>

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 Ending June 30, 2015

	Detention Center	Emergency Management	Non-Major Fund Volunteer Fire Dept.	TOTAL
<b>Cash Flows from Operating Activities</b>				
Receipts from County Lease, Contracts & Inmates	\$ 3,150,490	\$ 473,448	\$ 267,943	\$ 3,891,881
Payments for Employee Payroll & Benefits	(2,408,972)	(200,310)	-	(2,609,282)
Payments for Inmate Costs	(385,153)	-	-	(385,153)
Payments for Grant Expense & Volunteer Fire Departments	-	(102,429)	(215,427)	(317,856)
Payments to Suppliers & Other Costs	(601,008)	(64,799)	(141)	(665,948)
<i>Net Cash Provided by (used for) Operating Activities</i>	(244,643)	105,910	52,375	(86,358)
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In/Out	-	-	-	-
<i>Net Cash Provided by (used for) Noncapital Financing Activities</i>	-	-	-	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from CCHFA (BOK) Fund	647,463			647,463
Proceeds from CCHFA Principal Fund	437,300			437,300
Purchase of Capital Assets	(244,686)	(15,296)		(259,982)
Principal paid on Capital Debt	(260,000)			(260,000)
<i>Net Cash Provided by (used for) Capital and Related Financing Activities</i>	580,077	(15,296)	-	564,781
<b>Cash Flows from Investing Activities</b>				
Investment Earnings	-	-	-	-
<i>Net Cash Provided by (used for) Investing Activities</i>	-	-	-	-
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	335,434	90,614	52,375	478,423
<i>Cash and Cash Equivalents - Beginning of Year</i>	75,196	4,731	285,071	364,998
<i>Cash and Cash Equivalents - End of Year</i>	\$ 410,630	\$ 95,345	\$ 337,446	\$ 843,421
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	(579,463)	95,356	52,375	(431,731)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (used) by Operating Activities				
Depreciation Expense	322,377	17,313	-	339,691
Decrease (Increase) in Receivables	4,517	218	-	4,735
Increase (Decrease) in Payables	6,103	-	-	6,103
Increase (Decrease) in Payroll Liabilities	1,823	(6,978)	-	(5,155)
<i>Net Cash Provided by (used for) Operating Activities</i>	\$ (244,643)	\$ 105,910	\$ 52,375	\$ (86,358)

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

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**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 also 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](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. 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:

Major Enterprise Funds:

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

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



**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1- B. Basis of Presentation (continued)**

Non-Major Enterprise Funds:

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 recorded regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and 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.
- Employee payroll withholding that have not been deposited with the appropriate parties but relate to compensation paid are recorded as liabilities.
- Long-term debt is recorded when incurred.
- Inmate Trust funds deposits and charges due but not disbursed are recorded as liabilities.

If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. In other words, revenue would be recognized when earned and expenses would be recorded when the liability is incurred or economic asset used.

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

Cash and Cash Equivalents - The Authority considers all demand deposit accounts, interest bearing checking accounts and time deposits accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Restricted Cash-Inmate Trust Funds – The restricted portion of the cash account and corresponding liability is cash funds of the individual inmates, held in a separate bank account for their use.

Capital Assets – Capital assets acquired are capitalized and stated at cost, donated capital assets (if any) are recorded at their fair market values as of the date received. 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 is 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:

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

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Payroll Liabilities – The payable consists of withholdings from employees and payroll expenses incurred and payable at year-end.

Inmate Trust Funds Payable – The payable consists of restricted funds received from inmates to pay for miscellaneous expenses (phone, medical, legal, damages, etc.) incurred during incarceration. The money is payable to inmates upon release if any funds remain after payment of all expenses.

Inmate Trust Funds – Commissary Payable – The payable consists of restricted inmate trust funds that is due to the Detention Center’s Commissary vendor (Correctional Food Services) on 6/30/15.

Notes Payable – Notes Payable to be repaid from Authority resources are reported as liabilities in the statement of net position. See Note 2-D.

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.

**1- E. Revenues and Expenses**

Operating and Nonoperating 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 including depreciation.

**1- F. Estimates**

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

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 2 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**2- A. 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. As of June 30, 2015, none of the Authority’s bank balances were exposed to custodial credit risk.

**2- B. Restricted Assets**

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash restricted for inmates. The restricted assets as of June 30, 2015 were as follows:

<u>Type of Investments</u>	<u>Cash and Cash Equivalents</u>	<u>Current Investments</u>	<u>Total</u>
Cash Restricted for Inmates	\$ 49,604	-	\$ 49,604

**2- C. Capital Assets**

The following is a summary of the capital assets of the Authority at June 30, 2015:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Construction in Progress	\$ _____ -	_____ -	_____ -	\$ _____ -
Total capital assets, not being depreciated	_____ -	_____ -	_____ -	_____ -
Capital Assets, being depreciated				
Jail Facilities	10,252,612	232,240	-	10,484,852
Food Service Equipment	108,607	-	-	108,607
Equipment/Furn. & Fixtures	261,275	28,888	(5,717)	284,446
Vehicles	195,887	-	(16,307)	179,580
Total capital assets	<u>10,818,381</u>	<u>261,128</u>	<u>(22,024)</u>	<u>11,057,485</u>
Less accumulated depreciation for:				
Jail Facilities	(2,573,928)	( 270,422)	-	(2,844,350)
Food Service Equipment	( 50,249)	( 5,541)	-	( 55,790)
Equipment	( 131,218)	( 39,417)	4,571	( 166,064)
Vehicles	( 121,384)	( 24, 311)	16,307	( 129,388)
Total accumulated depreciation	<u>(2,876,779)</u>	<u>( 339,691)</u>	<u>20,878</u>	<u>(3,195,592)</u>
Net Capital Assets	<u>7,941,602</u>	<u>( 78,563)</u>	<u>(1,146)</u>	<u>7,861,893</u>

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 2 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**2- C. Capital Assets (continued)**

Depreciation expense was charged to functions as follows in the Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis:

<b>Business-type Activities:</b>	
Detention Center	\$ 322,377
Emergency Management	<u>17,314</u>
Total depreciation expense for business-type activities	<u>\$ 339,691</u>

**2- D. Notes Payable**

In July 2001 the Authority issued \$8,750,000 in 4.15% to 5.00% sales tax revenue bonds to fund construction of the Comanche County jail. The bonds were backed by a .25% countywide sales tax approved by a majority of voters in Comanche County and expired December 31, 2008. The County extended the sales tax at one-eighth of a percent (1/8%) until December 31, 2015, for the purpose of funding capital improvements and operational costs. In June 2014 County voters approved an increase and extension of the countywide sales tax. The tax backing the bonds and operations increased to 3/8ths of 1 percent, and became effective January 1, 2015.

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. 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. The rate was 0.25% for the current year.

In July 2014, Comanche County facilitated an operational loan between the Authority and the Comanche County Home Finance Authority. The Authority had draws of \$437,300 during July and August 2014. \$260,000 of principal was paid during the fiscal year. Principal outstanding at year end was, \$177,300. The note is not formalized and has no stated interest or repayment schedule.

**NOTE 3- OTHER NOTES**

**3- A. Employee Pension Plans**

**Plan Description** – The Authority, included as part of Comanche County, participates in 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.

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 3- OTHER NOTES (continued)**

**3- A. Employee Pension Plans (continued)**

Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. The Authority has no responsibility or authority for the operation and administration of the System.

OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained online at [www.opers.ok.gov](http://www.opers.ok.gov) or by calling 405-858-6737.

**Funding Policy** - The contribution rate for the Authority is established by Statute. The Authority is required to contribute 11.5% - 16.5% and the employee is required to contribute 3.5% - 8.5%. The total employer and employee contribution must equal 20% for the year ended June 30, 2015. The Authority is responsible for determining how much the employer and employee pays within the given range. Currently, the Authority pays 16.5% and the employee pays 3.5%.

The Authority's employees also have the option to participate in the 2.5% Step-Up, which allows members to increase their retirement benefits by paying an additional member contribution each pay period.

The Authority's contributions to the Plan for the years ending June 30, 2015, 2014, and 2013 were \$281,677, \$290,628, and \$267,533, respectively.

**3- B. Lease Agreement and Operation and Maintenance Contract**

On July 1, 2001 the Authority (lessor) and the County (lessee) entered into a lease agreement and operation and maintenance contract, whereby the County leases the jail facilities from the Authority 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. The funding and amounts of the lease payments are described in note 3-C.

**3- C. 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.

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 3- OTHER NOTES (continued)**

**3- C. Risk Management (continued)**

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.

**3- D. 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, 2015 the liabilities are as follows: the Detention Center \$244,015 and Emergency Management \$9,600.

Pending Litigation, Claims and Assessments

The Authority had one pending complaint and litigation concerning inmates and employees on June 30, 2015. The trial court entered summary judgment on behalf of the Defendant on April 28, 2016. The Plaintiffs have now filed their appeal in the United States District Court for the Tenth Circuit on May 26, 2016. It is anticipated that the Court will not rule on the case until the spring of 2017. It is anticipated that the Tenth Circuit will affirm the trial court and the case will come to an end. The case will be vigorously defended. Therefore, the pending litigation and claims are not believed to have a material effect on the financial statements.

**3- E. Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, which is 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**

To the 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 accompanying modified cash basis financial statements of the business-type activities of the Comanche County Facilities Authority, a component unit of Comanche County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 13, 2016. 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 comprehensive 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's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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 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 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 were not 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 a significant deficiency. 15-1.

### **Compliance and Other Matters**

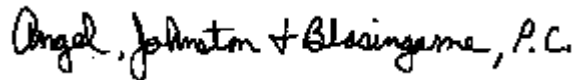
As part of obtaining reasonable assurance about whether Comanche County Facilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

### **Comanche County Facilities Authority's Response to Findings**

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subject 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 of the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ANGEL, JOHNSTON & BLASINGAME, P.C.  
Chickasha, Oklahoma  
June 13, 2016

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2015

**15-1** Criteria – A good system of internal control should include approval by the Board of Trustees of the opening or closing of any bank account.

Condition – The Authority did not approve the closing of the Saferoom Account at Liberty National Bank in the Board minutes.

Cause and Effect – An oversight by management to not have the closing of this account approved allows for bank accounts to be closed and possibly funds transferred that the Board and/or management is unaware of and presents the opportunity for concealment of fraud.

Recommendation – The opening and closing of all bank accounts should be approved in the Board minutes.

Management Response – Management agrees.