

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**June 30, 2016**

**TABLE OF CONTENTS**

	<b>PAGE</b>
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 the Basic Financial Statements	B – 4

**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>	C – 1
Schedule of Findings and Responses	D – 1

---

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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, each major fund, and the aggregate remaining fund information of the Comanche County Facilities Authority, Lawton, Oklahoma, a component unit of Comanche County, as of and for the year ended June 30, 2016, 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 fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 opinions.

### **Opinions**

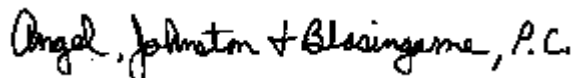
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Comanche County Facility Authority as of June 30, 2016, and the respective changes in modified cash basis financial position and cash flows, 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 opinions are 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, February 21, 2017, 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  
February 21, 2017

# *Basic Financial Statements*

**COMANCHE COUNTY FACILITIES AUTHORITY**

Statement of Net Position - Modified Cash Basis

June 30, 2016

<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	\$ 217,055	\$ 39,691	\$ 364,509	\$ 621,255
Restricted Cash-Inmate Trust Funds	<u>53,929</u>	<u>-</u>	<u>-</u>	<u>53,929</u>
<i>Total Current Assets</i>	270,984	39,691	364,509	675,184
<b>Non Current Assets</b>				
Capital Assets-Net of Depreciation	<u>7,607,783</u>	<u>90,697</u>	<u>-</u>	<u>7,698,480</u>
<i>Total Assets</i>	<u>7,878,767</u>	<u>130,388</u>	<u>364,509</u>	<u>8,373,664</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Inmate Trust Funds Payable	16,478	-	-	16,478
Inmate Trust Funds - Commissary Payable	19,281	-	-	19,281
Lattice Phone Time Payable	16,870	-	-	16,870
Current Portion Capital Lease Payable	<u>2,112</u>	<u>-</u>	<u>-</u>	<u>2,112</u>
<i>Total Current Liabilities</i>	54,741	-	-	54,741
<b>Non Current Liabilities</b>				
N/P CCHFA (BOK) Fund	602,354	-	-	602,354
Capital Lease Payable	<u>10,665</u>	<u>-</u>	<u>-</u>	<u>10,665</u>
<i>Total Non Current Liabilities</i>	<u>613,019</u>	<u>-</u>	<u>-</u>	<u>613,019</u>
<i>Total Liabilities</i>	667,760	-	-	667,760
<b>NET POSITION</b>				
Net Investment in Capital Assets	6,992,652	90,697	-	7,083,350
Restricted	-	-	-	-
Unrestricted	<u>218,355</u>	<u>39,691</u>	<u>364,509</u>	<u>622,555</u>
<i>Total Net Position</i>	<u>\$ 7,211,008</u>	<u>\$ 130,388</u>	<u>\$ 364,509</u>	<u>\$ 7,705,905</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, 2016

	<u>Detention Center</u>	<u>Emergency Management</u>	<u>Non-Major Fund Volunteer Fire Dept.</u>	<u>TOTAL</u>
<b>Operating Revenues</b>				
Lease Revenues from County Sales Tax	\$ 2,905,161	\$ -	\$ 248,764	\$ 3,153,925
Contract Revenues	680,278	-	-	680,278
Comanche County Appropriations	-	336,385	-	336,385
Inmate Revenue	193,714	-	-	193,714
Grant Revenue	-	1,000	-	1,000
Miscellaneous Income	<u>1,879</u>	<u>144</u>	<u>-</u>	<u>2,023</u>
<i>Total Operating Revenues</i>	3,781,031	337,530	248,764	4,367,326
<b>Operating Expenses</b>				
Automobile Expenses	13,441	6,748	-	20,189
Facilities Maintenance	76,040	11,516	-	87,557
Depreciation Expense	326,783	22,008	-	348,790
Inmate Items	8,545	-	-	8,545
Inmate Uniforms/Bedding	20,654	-	-	20,654
Inmate Food Costs	355,349	-	-	355,349
Inmate Medical Expenses	17,782	-	-	17,782
Inmate Gang Pay	3,729	-	-	3,729
Insurance	131,875	22,072	-	153,947
Janitorial Supplies	42,190	-	-	42,190
Office Expense	48,747	5,917	55	54,720
Payroll Expense - Wages	1,817,291	177,750	-	1,995,040
Payroll Expense - Employee Benefits & Costs	583,796	55,482	-	639,278
Payroll Taxes	148,360	13,975	-	162,335
Professional Fees	20,112	3,300	-	23,412
Staff Uniforms, Supplies & Misc Expenses	11,541	1,261	-	12,802
Supplies	7,891	7,822	-	15,713
Travel & Training Costs	6,494	2,132	-	8,626
Utilities	192,508	7,190	-	199,698
Telephone	8,984	8,612	-	17,596
Volunteer Fire Departments Expenses	<u>-</u>	<u>-</u>	<u>221,646</u>	<u>221,646</u>
<i>Total Operating Expenses</i>	<u>3,842,110</u>	<u>345,786</u>	<u>221,701</u>	<u>4,409,598</u>
<i>Operating Income (Loss)</i>	\$ <u>(61,079)</u>	\$ <u>(8,256)</u>	<u>27,063</u>	\$ <u>(42,272)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Expense on Loan	(3,110)	-	-	(3,110)
Gain(Loss) on sale of assets	<u>(11,958)</u>	<u>-</u>	<u>-</u>	<u>(11,958)</u>
<i>Total Non-Operating Revenues (Expenses)</i>	(15,068)	-	-	(15,068)
<i>Change in Net Position</i>	(76,147)	(8,256)	27,063	(57,340)
<i>Net Position - Beginning of Year</i>	<u>7,287,155</u>	<u>138,644</u>	<u>337,446</u>	<u>7,763,245</u>
<i>Net Position - End of Year</i>	\$ <u><u>7,211,008</u></u>	\$ <u><u>130,388</u></u>	<u><u>364,509</u></u>	\$ <u><u>7,705,905</u></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, 2016

	Detention Center	Emergency Management	Non-Major Fund Volunteer Fire Dept.	TOTAL
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,779,153	\$ 337,386	\$ 248,764	\$ 4,365,304
Payments to employees	(2,610,043)	(254,259)	-	(2,864,302)
Payments to suppliers	(962,910)	(76,571)	(221,701)	(1,261,183)
Other receipts (payments)	1,879	144	-	2,023
<i>Net Cash Provided by (used for) Operating Activities</i>	208,078	6,701	27,063	241,841
<b>Cash Flows from Noncapital Financing Activities</b>				
Proceeds from debt	54,891	-	-	54,891
Payments for debt service (prin and int)	(278,363)	-	-	(278,363)
<i>Net Cash Provided by (used for) Noncapital Financing Activities</i>	(223,472)	-	-	(223,472)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from capital debt	14,106	-	-	14,106
Payments for debt service (princ and int)	(3,375)	-	-	(3,375)
Purchase of Capital Assets	(134,982)	(62,355)	-	(197,337)
<i>Net Cash Provided by (used for) Capital and Related Financing Activities</i>	(124,251)	(62,355)	-	(186,606)
<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>	(139,646)	(55,654)	27,063	(168,237)
<i>Cash and Cash Equivalents - Beginning of Year</i>	410,630	95,345	337,446	843,421
<i>Cash and Cash Equivalents - End of Year</i>	\$ 270,984	\$ 39,691	\$ 364,509	\$ 675,184
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	(61,079)	(8,256)	27,063	(42,272)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided (used) by Operating Activities				
Depreciation Expense	326,783	22,009	-	348,791
Increase (Decrease) in Payables	2,971	-	-	2,971
Increase (Decrease) in Payroll Liabilities	(60,597)	(7,052)	-	(67,649)
<i>Net Cash Provided by (used for) Operating Activities</i>	\$ 208,078	\$ 6,701	\$ 27,063	\$ 241,841

*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, 2016

**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 funds are enterprise funds. 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:



**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

**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.

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

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.
- 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 – 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 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.

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

**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, if any, 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

Current Liabilities – Current liabilities of the Authority include inmate trust funds, inmate trust funds commissary, lattice phone time 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. Inmate trust funds-commissary consist of restricted inmate trust funds that is due to the vendor (Correctional Food Services) on 6/30/16.

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 two (2) notes. 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.”

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

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

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 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.

Expenditures/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 - 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.

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 follows state law which requires collateral for all deposits not covered by Federal Deposit Insurance Corporation insurance. At June 30, 2016, the Authority was not 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, 2016 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	\$ 53,929	-	\$ 53,929

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

**2- C. Capital Assets**

The following is a summary of the capital assets of the Authority at June 30, 2016:

<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	10,484,852	4,604	-	10,489,456
Food Service Equipment	108,607	12,028	-	120,635
Equipment/Furn. & Fixtures	284,446	109,884	(50,002)	344,328
Vehicles	<u>179,580</u>	<u>70,820</u>	-	<u>250,400</u>
Total capital assets	<u>11,057,485</u>	<u>197,336</u>	<u>(50,002)</u>	<u>11,204,819</u>
Less accumulated depreciation for:				
Jail Facilities	(2,844,350)	( 275,358)	-	(3,119,708)
Food Service Equipment	( 55,790)	( 5,844)	-	( 61,634)
Equipment	( 166,064)	( 41,484)	38,044	( 169,504)
Vehicles	<u>( 129,388)</u>	<u>( 26,105)</u>	-	<u>( 155,493)</u>
Total accumulated depreciation	<u>(3,195,592)</u>	<u>( 348,791)</u>	<u>38,044</u>	<u>(3,506,339)</u>
Net Capital Assets	<u>7,861,893</u>	<u>( 151,455)</u>	<u>(11,958)</u>	<u>7,698,480</u>

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

<b>Business-type Activities:</b>	
Detention Center	\$ 326,783
Emergency Management	<u>22,008</u>
Total depreciation expense for business-type activities	<u>\$ 348,791</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

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

**2- D. Notes Payable (continued)**

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. \$177,300 of principal was paid during the fiscal year. The note is not formalized and has no stated interest or repayment schedule. This loan was paid in full during the current year.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
BOK	647,463	54,891	100,000	602,354
CCHFA	177,300	-	177,300	-
<b>Totals</b>	<b>824,762</b>	<b>54,891</b>	<b>277,300</b>	<b>602,354</b>

**2- E. 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.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Standley Systems	-	14,106	1,329	12,777

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

**2- E. Capital Lease Payable (continued)**

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>(2,351)</u>
	<u>\$ 11,755</u>

Principal maturities and the amount representing interest on capital leases at June 30, 2016 are as follows:

	Year Ending June 30		
	2017	\$	4,500
	2018		4,500
	2019		4,500
	2020		4,500
	2021		<u>1,125</u>
Present value of future minimum lease payments		\$	19,125
Less Interest			<u>(6,348)</u>
Net minimum lease payments		\$	<u>12,777</u>

**NOTE 3- OTHER NOTES**

**3- A. 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](http://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).

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

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

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 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

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

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

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 year ending June 30, 2016 were \$299,965.

**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.

**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



**COMANCHE COUNTY FACILITIES AUTHORITY**  
**LAWTON, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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

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

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.

**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, 2016 the liabilities are as follows: the Detention Center \$278,035 and Emergency Management \$31,551.

Pending Litigation, Claims and Assessments

The Authority had two pending complaints and litigation concerning inmates and employees on June 30, 2016. The first was a civil rights litigation which was affirmed on appeal by the Tenth Circuit on December 1, 2016 and a mandate was issued on December 27, 2016. This case will close on March 27, 2017, unless the United States Supreme Court accepts the case on cert of which the attorney believes is highly unlikely. The second is a Pro se civil rights action. A motion for summary judgment was filed on behalf of the defendants on May 4, 2016 and is pending. The attorney believes there is a high likelihood that this case will be dismissed by the court on the pending motion for summary judgment. Both cases are being 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***

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 business-type activities, each major fund, and the aggregate remaining fund information of the Comanche County Facilities Authority, a component unit of Comanche County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 21, 2017. 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 opinions 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. 16-1.

### **Compliance and Other Matters**

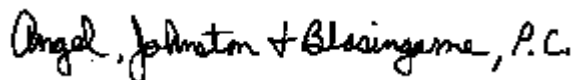
As part of obtaining reasonable assurance about whether Comanche County Facilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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  
February 21, 2017

**COMANCHE COUNTY FACILITIES AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2016

**16-1** Criteria – The Trust Indenture creating the Comanche County Facility Authority states the purpose of the Authority is to own, operate and manage jails, prisons, correctional and related facilities. There is no provision to account for the Emergency Management or Volunteer Fire Department funds. The State Auditor and Inspector takes the position that all county sales tax restricted for volunteer fire departments should be accounted for by the County. Since the County and not the Authority has the statutory authority to collect sales tax, the County should account for all the receipts and expenditures.

Condition – The Authority is accounting for the activity of the Emergency Management and Volunteer Fire Department.

Cause – In earlier years, the Board of Trustees elected to include the Emergency Management and Volunteer Fire Department under the umbrella of the Authority.

Effect – The Authority is managing and accounting for entities that are not within the scope of the Trust Indenture.

Recommendation – We feel the Board of Trustees should either amend the Trust Indenture to allow for these purposes or the Emergency Management and Volunteer Fire Department should be transferred to the Comanche County for its accountability. The Board may wish to consult their legal counsel and the State Auditor and Inspector as to which direction they should pursue.

Management Response – Management agrees.