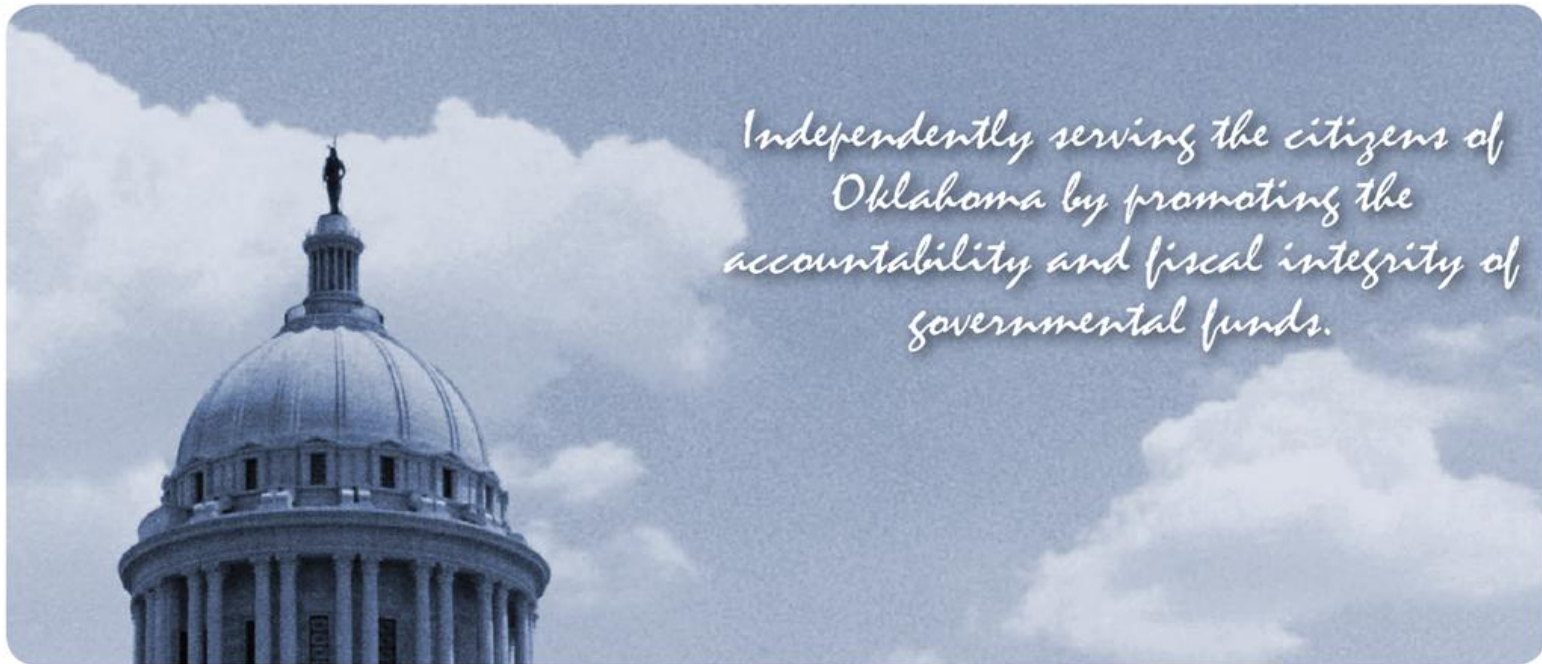


COUNTY AUDIT

COMANCHE COUNTY

For the fiscal year ended June 30, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**COMANCHE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

February 18, 2015

TO THE CITIZENS OF
COMANCHE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Comanche County, Oklahoma for the fiscal year ended June 30, 2013. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Statistical Information.....	iii
County Officials.....	iv
Ad Valorem Tax Distribution	v
Assessed Value of Property Trend Analysis.....	vi
County Payroll Expenditures Analysis	vii
County General Fund Analysis	viii
County Highway Fund Analysis	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information)—Major Funds.....	4
Notes to the Financial Statement.....	5

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	10
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	12
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	13
Notes to Other Supplementary Information	14
Schedule of Expenditures of Federal Awards	16
Note to the Schedule of Expenditures of Federal Awards.....	17

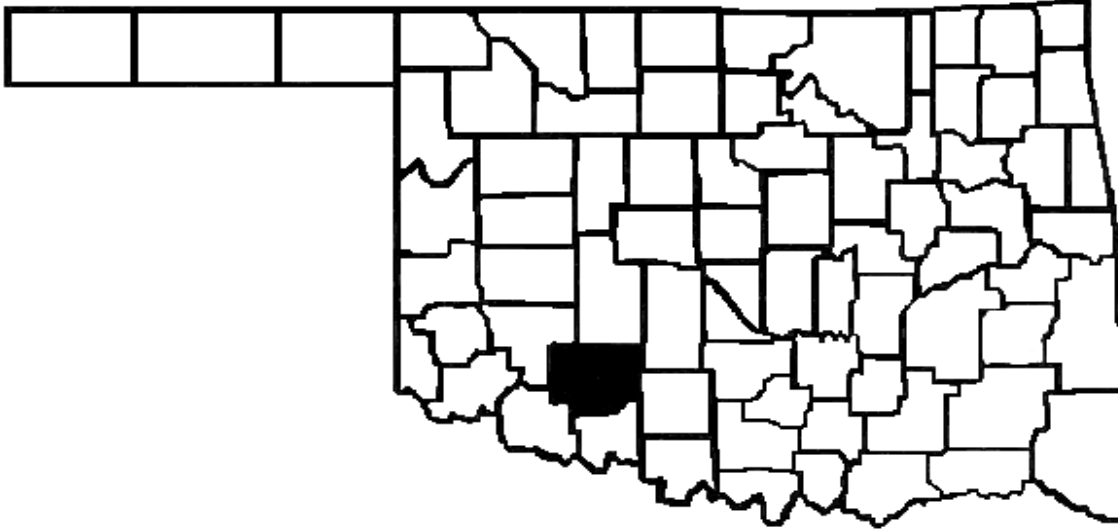
**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

INTERNAL CONTROL AND COMPLIANCE SECTION

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>	18
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	20
Schedule of Findings and Questioned Costs	22
Schedule of Prior Year Findings and Questioned Costs	30

INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES iii - ix
PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**COMANCHE COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



Created at statehood from a portion of Comanche County, Oklahoma Territory, the word Comanche is believed to be derived from the Spanish Camino Ancho, meaning “broad trail.” Originally a part of the Kiowa, Comanche, and Apache reservation, Comanche County was opened for homesteading by lottery on August 6, 1901.

Fort Sill, established by General Philip H. Sheridan as a cavalry fort in 1869, is now headquarters for the U.S. Army Field Artillery Center and School. The military reservation, which covers 95,000 acres, contains some fifty historic sites, including the Geronimo Guardhouse and the grave of Quanah Parker.

Lawton, the county seat, is home to Cameron University and the Great Plains Technology Center. The Lawton Community Theater and the Lawton Philharmonic Orchestra are leading cultural activities of the area, as is the annual Arts for All Festival in April. The Museum of the Great Plains is both educational and entertaining with its outdoor prairie dog village, depot, and training post.

The Wichita Mountains Wildlife Refuge attracts more than a million visitors annually. It is also the site of the Holy City of the Wichita’s where the annual Wichita Mountains Easter Sunrise Service is presented.

Call the county clerk’s office at 580/355-5214 for more information.

County Seat – Lawton

Area – 1,083.82 Square Miles

County Population – 126,390
(2012 est.)

Farms – 1,126

Land in Farms – 497,502 Acres

Primary Source: Oklahoma Almanac 2013-2014

**COMANCHE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Gail Turner
District 2 – Johnny Owens
District 3 – Don Hawthorne

County Assessor

Richard Strickland

County Clerk

Carrie Tubbs

County Sheriff

Kenny Stradley

County Treasurer

Barbara Burk

Court Clerk

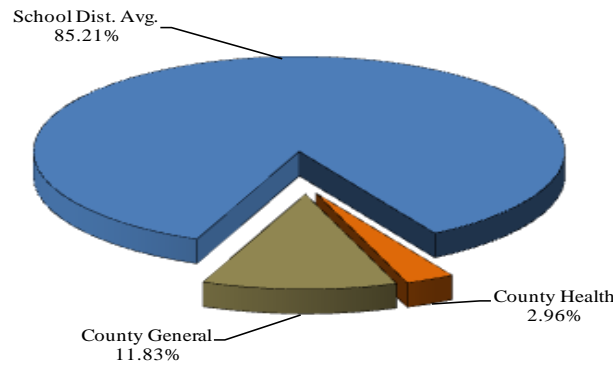
Robert Morales

District Attorney

Fred C. Smith

**COMANCHE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

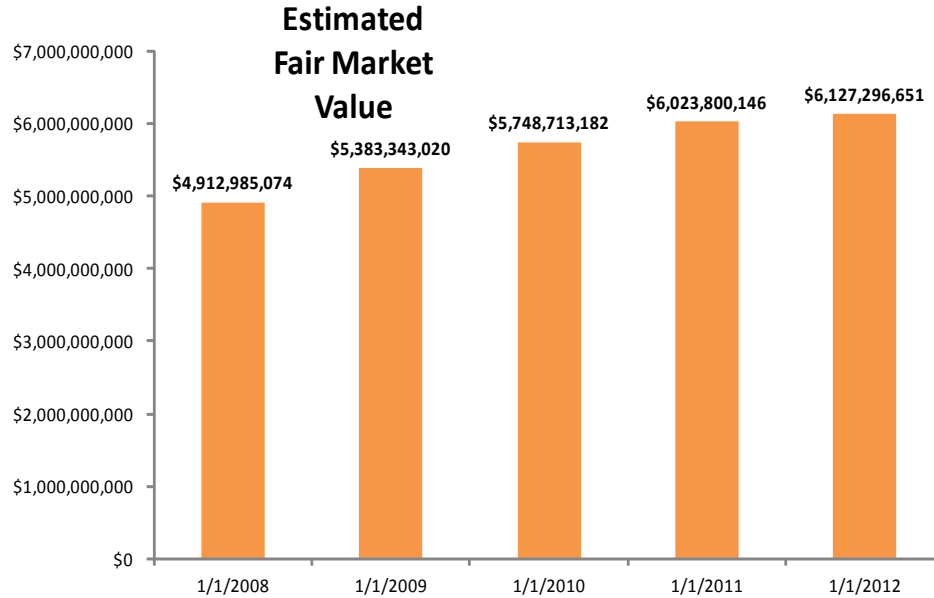
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Career Tech	Common	EMS	Total
County General	10.23									
County Health	2.56	Cache	I-1-1	35.67	5.10	31.10	14.25	4.09	-	90.21
		Indiahoma	I-2-1	37.44	5.35	14.41	14.25	4.09	-	75.54
		Sterling	I-3-1	37.85	5.41	19.20	14.25	4.09	-	80.80
		Geronimo	I-4-1	36.80	5.26	24.99	14.25	4.09	-	85.39
Lawton	7.27	Lawton	I-8-1	35.67	5.10	7.64	14.25	4.09	-	66.75
		Fletcher	I-9-1	36.35	5.19	14.34	14.25	4.09	-	74.22
		Elgin	I-16-1	36.74	5.25	29.74	14.25	4.09	-	90.07
		Flower Mound	D-48-1	35.55	5.08	-	14.25	4.09	-	58.97
		Bishop	D-49-1	35.44	5.06	11.09	14.25	4.09	-	69.93
		Chattanooga	I-132-1	37.17	5.31	21.98	14.25	4.09	-	82.80
		Cotton	J-I-1	37.71	5.39	-	12.70	4.09	-	59.89
		Caddo	J-56	38.22	5.46	12.01	11.89	4.09	-	71.67
		Caddo	J-I-160	35.00	5.00	12.72	11.89	4.09	-	68.70
		Caddo	J-I-64	35.00	5.00	19.22	11.89	4.09	-	75.20
		Kiowa	J-I-4	37.97	5.42	-	14.25	4.09	-	61.73
		Kiowa	J-I-3	36.72	5.25	-	11.89	4.09	3.15	61.10
		Stephens	J-I-21	39.24	5.61	13.21	12.70	4.09	-	74.85
		Stephens	J-I-34	36.92	5.27	19.75	12.70	4.09	-	78.73

**COMANCHE COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

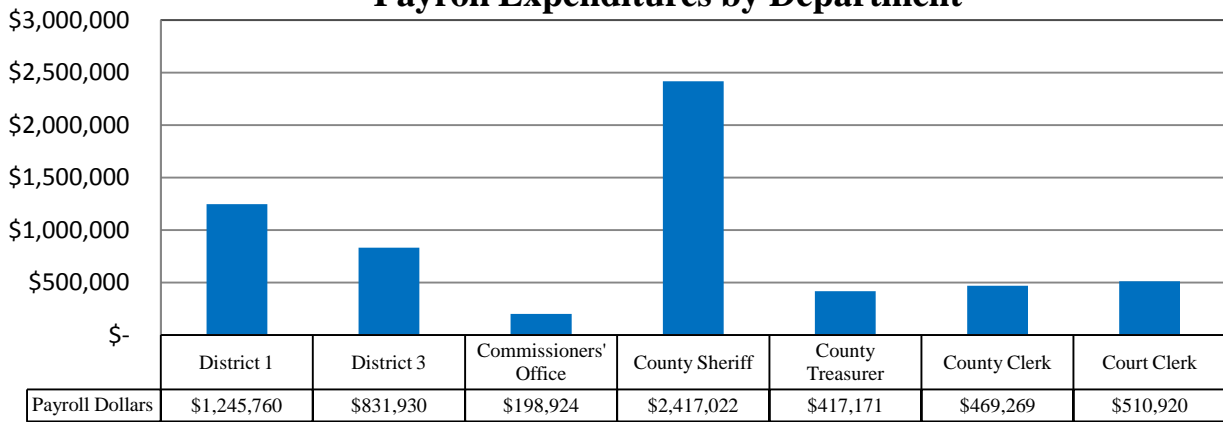
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Veterans Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$93,614,651	\$45,263,135	\$573,421,309	\$15,084,758	\$27,006,279	\$670,208,058	\$6,127,296,651
1/1/2011	\$96,584,764	\$44,367,923	\$559,248,589	\$46,524,942	-	\$653,676,334	\$6,023,800,146
1/1/2010	\$92,242,715	\$44,854,680	\$532,403,704	\$15,744,101	\$23,351,496	\$630,405,502	\$5,748,713,182
1/1/2009	\$81,248,801	\$42,599,281	\$503,403,901	\$15,829,706	\$21,663,238	\$589,759,039	\$5,383,343,020
1/1/2008	\$79,709,622	\$41,955,043	\$452,344,996	\$15,814,283	-	\$558,195,378	\$4,912,985,074



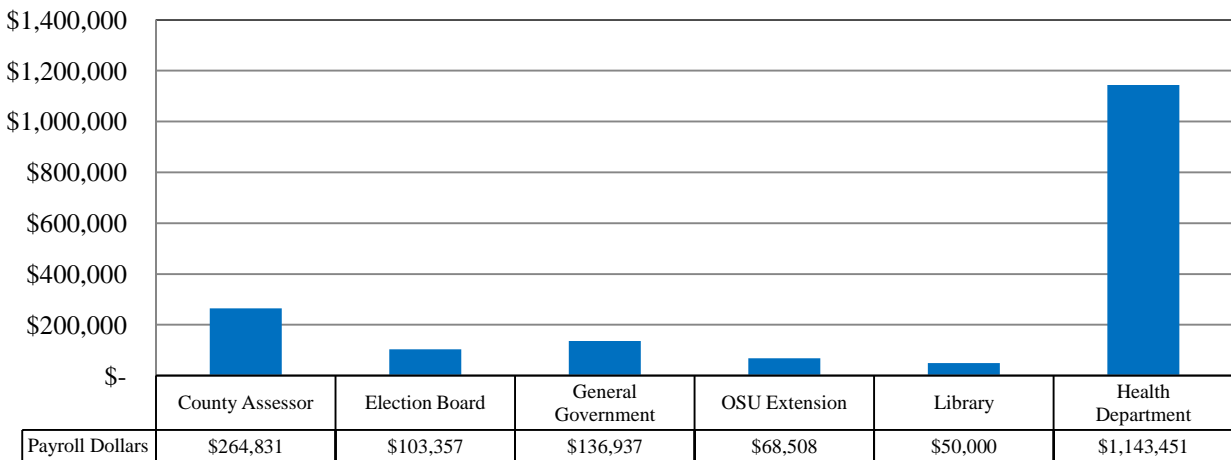
**COMANCHE COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2013.

Payroll Expenditures by Department



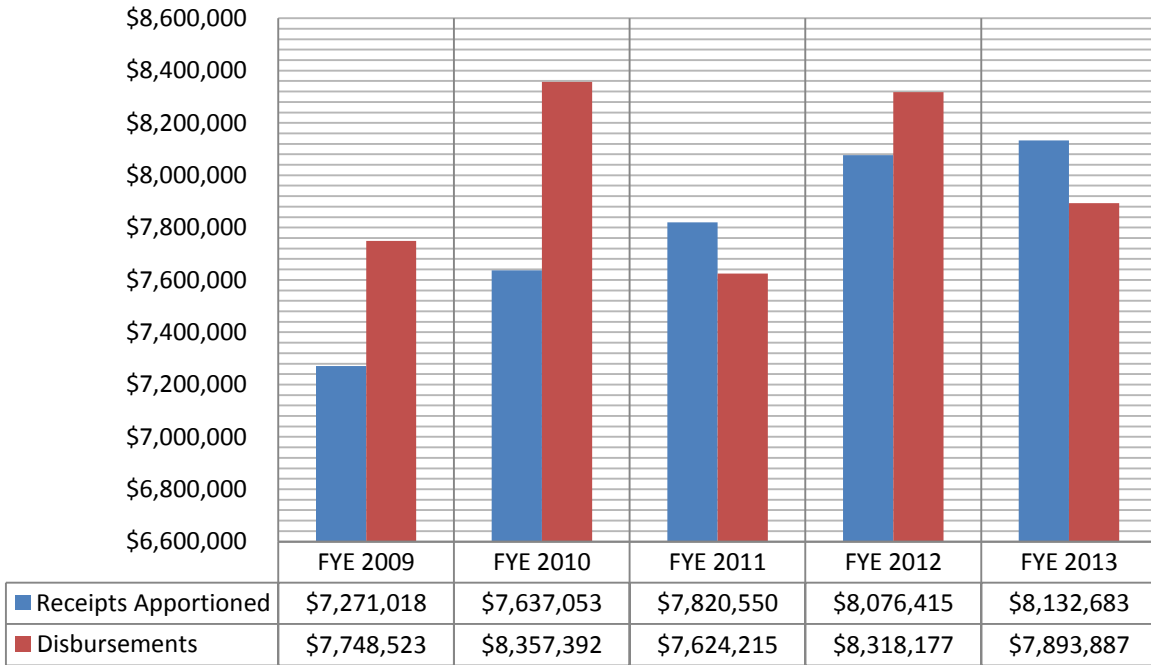
Payroll Expenditures by Department



**COMANCHE COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

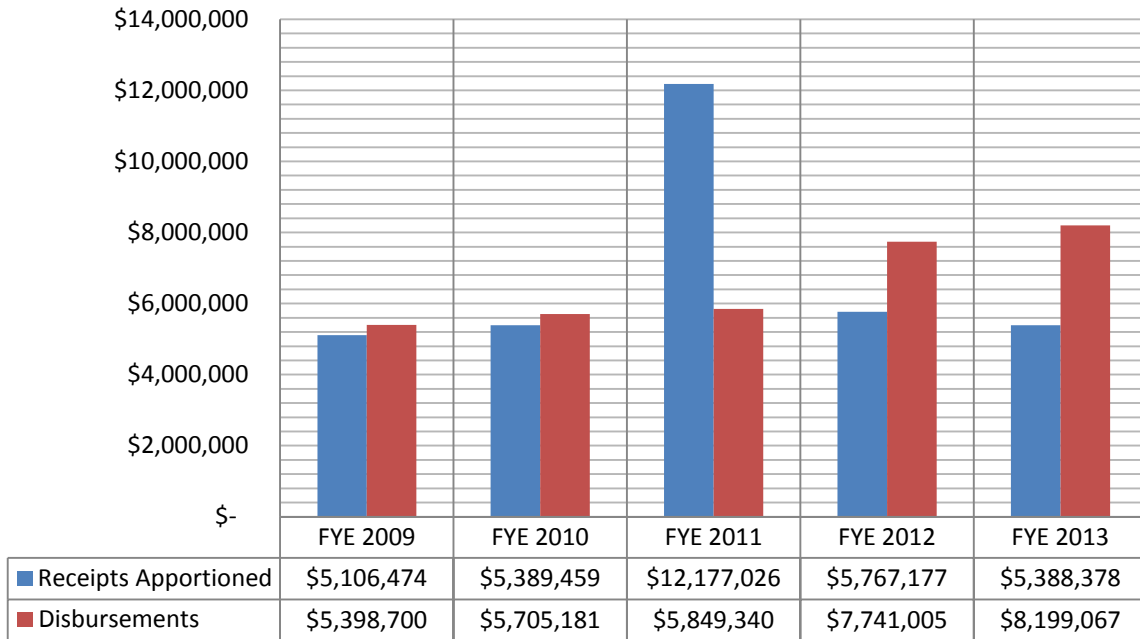
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.



**COMANCHE COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report

TO THE OFFICERS OF
COMANCHE COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Comanche County, Oklahoma, as of and for the year ended June 30, 2013, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement 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 the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity'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 statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Comanche County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Comanche County as of June 30, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Comanche County, for the year ended June 30, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015, on our consideration of Comanche County'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Comanche County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

February 17, 2015

REGULATORY BASIS FINANCIAL STATEMENT

COMANCHE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2013
Combing Information:				
Major Funds:				
County General Fund	\$ 2,824,396	\$ 8,132,683	\$ 7,893,887	\$ 3,063,192
County Highway Fund	6,690,785	5,388,378	8,199,067	3,880,096
County Health Department	2,021,561	1,804,398	1,771,427	2,054,532
Sheriff Sales Tax 2007	86,738	132,555	36,145	183,148
Juvenile Detention General Cash Fund	460,769	1,454,105	1,457,596	457,278
Home Finance Cash Fund	1,503,123	574,184	59,215	2,018,092
Fairgrounds Sales Tax 2007	17,879	232,977	232,679	18,177
Capital Improvement Sales Tax 2007	268,325	139,801	218,785	189,341
JABG - GANG - 1 Grant	8,352	43,562	40,133	11,781
Jail Sales Tax (Facilities Authority)	560,795	1,553,207	1,500,950	613,052
Industrial Development Sales Tax	69,366	838,718	842,645	65,439
County Bridge & Road Improvement Fund 105	1,477,767	1,080,900	711,901	1,846,766
Rural Fire Department Sales Tax	16,687	217,445	217,167	16,965
Bishop Water Association/REAP	-	43,130	40,974	2,156
Remaining Aggregate Funds	1,185,038	1,944,573	1,618,150	1,511,461
Combined Total - All County Funds	\$ 17,191,581	\$ 23,580,616	\$ 24,840,721	\$ 15,931,476

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Comanche County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of major county funds included as combining information within the financial statement:

County General Fund – accounts for the general operations of the government.

County Highway Fund – accounts for state, local, and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

County Health Department – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

Sheriff Sales Tax 2007 – accounts for the collection of sales tax money. Disbursements are for the purpose of maintenance and operations of the Sheriff's office.

Juvenile Detention General Cash Fund – accounts for the collection from the State of Oklahoma and other Oklahoma counties for the housing of juvenile offenders. Disbursements are for the general operations of the Juvenile Detention Center.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Home Finance Cash Fund – accounts for the collection of interest earned on investments. Disbursements are made as designated by the Board of County Commissioners for the general operations of the County and maintenance of county facilities.

Fairgrounds Sales Tax 2007 – accounts for the collection of sales tax monies. Disbursements are for the purpose of maintenance and operations of the fairgrounds.

Capital Improvement Sales Tax 2007 – accounts for the collection of sales tax monies. Disbursements are for the purpose of capital improvements of the courthouse.

JBAG – GANG – 1 Grant – accounts for the collection of grant monies to be distributed by the Sheriff's office in deterring gang related activities.

Jail Sales Tax (Facilities Authority) – accounts for the collections of sales tax proceeds for the payment of bond issues held by a local financial institution related to the building of the county jail. After receipt of the sales tax by Comanche County, the sales tax proceeds are transferred to a local financial institution where indebtedness is held for the Comanche County Facilities Authority.

Industrial Development Sales Tax – accounts for the collection of sales tax proceeds. Disbursements are made for necessary expenditures for the renovation and building additions for local industry.

County Bridge & Road Improvement Fund 105– accounts for state receipts. Disbursements for the purpose of maintaining bridges and roads.

Rural Fire Department Sales Tax – accounts for the collection of sales tax monies. Disbursements are for the purpose of maintenance and operations of the rural fire department.

Bishop Water Association/REAP – accounts for the collection of grant monies to be disbursed for water line upgrades.

C. Basis of Accounting

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County’s deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County’s governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

D. Sales Tax

On February 5, 2008, Comanche County citizens voted an amendment to the one-quarter percent (.25%) sales tax to a one-eighth percent (.125%) sales tax extending from December 31, 2008, until December 31, 2015. The sales tax is for the purpose of funding capital improvements and operational costs of the Comanche County Jail, through the Comanche County Facilities Authority. These funds are accounted for in Jail Sales Tax (Facilities Authority).

On April 3, 2007, in a special election, the citizens of Comanche County voted to amend the county sales tax of one-quarter percent (.25%) for economic development purposes to a reduced one-eighth percent (.125%) county sales tax. The sales tax is extended from May 31, 2007, until December 31, 2014. The citizens also voted to amend the purpose of the sales tax from not only economic development efforts through Comanche County Industrial Development Authority, but also the funding of County Capital Improvements, County Fairgrounds, Rural Fire Departments, and the County Sheriff's Department. These funds are accounted for as separate cash funds on the County's general ledger and named as follows: Rural Fire Department Sales Tax, Industrial Development Sales Tax, and Sheriff Sales Tax 2007.

OTHER SUPPLEMENTARY INFORMATION

COMANCHE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,824,396	\$ 2,824,396	\$ -
Less: Prior Year Outstanding Warrants	(45,510)	(45,510)	-
Less: Prior Year Reserves	(136,334)	(121,113)	15,221
Beginning Cash Balances, Budgetary Basis	<u>2,642,552</u>	<u>2,657,773</u>	<u>15,221</u>
Receipts:			
Ad Valorem Taxes	6,232,165	6,512,442	280,277
Charges for Services	-	419,187	419,187
Intergovernmental Revenues	-	1,036,142	1,036,142
Miscellaneous Revenues	-	164,912	164,912
Total Receipts, Budgetary Basis	<u>6,232,165</u>	<u>8,132,683</u>	<u>1,900,518</u>
Expenditures:			
County Sheriff	1,885,055	1,884,089	966
County Treasurer	334,049	317,317	16,732
County Commissioners	818,927	766,283	52,644
OSU Extension	140,048	118,264	21,784
County Clerk	607,914	605,952	1,962
Court Clerk	725,631	715,658	9,973
County Assessor	438,384	418,306	20,078
Revaluation of Real Property	625,360	576,954	48,406
Juvenile Shelter Bureau	471,930	467,072	4,858
General Government	782,235	659,582	122,653
Excise - Equalization Board	8,100	6,591	1,509
County Election Board	170,510	162,808	7,702
Charity	2,000	300	1,700
Library	50,000	50,000	-
Juvenile Detention Center	182,270	182,270	-
911 Emergency	441,715	441,715	-
Contingencies	528,487	50,994	477,493
Audit Budget	168,324	82,217	86,107
Free Fair	326,126	326,126	-
County Hospital	167,552	167,552	-
Provisions for Interest on Warrants	100	-	100
Total Expenditures, Budgetary Basis	<u>8,874,717</u>	<u>8,000,050</u>	<u>874,667</u>

Continued on next page

**COMANCHE COUNTY, OKLAHOMA
 COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
 CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
 GENERAL FUND - CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	2,790,406	\$ 2,790,406
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		190,810	
Add: Current Year Outstanding Warrants		81,976	
Ending Cash Balance		\$ 3,063,192	

**COMANCHE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,021,561	\$ 2,021,561	\$ -
Less: Prior Year Outstanding Warrants	(96,923)	(96,923)	-
Less: Prior Year Reserves	(182,569)	(150,875)	31,694
Beginning Cash Balances, Budgetary Basis	1,742,069	1,773,763	31,694
Receipts:			
Ad Valorem Taxes	1,559,757	1,629,702	69,945
Charges for Service	130,471	130,472	1
Intergovernmental	-	44,224	44,224
Total Receipts, Budgetary Basis	1,690,228	1,804,398	114,170
Expenditures:			
Health and Welfare	3,432,297	1,832,702	1,599,595
Total Expenditures, Budgetary Basis	3,432,297	1,832,702	1,599,595
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,745,459	\$ 1,745,459
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		293,987	
Add: Current Year Outstanding Warrants		15,086	
Ending Cash Balance		\$ 2,054,532	

COMANCHE COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:				
Resale Property	\$ 184,815	\$ 484,531	\$ 370,359	\$ 298,987
Treasurer Mortgage Tax Certification Fee	9,935	23,609	21,177	12,367
County Clerk Lein Fee	48,498	39,601	28,869	59,230
County Clerk Records Preservation Fee	55,315	104,283	118,287	41,311
Assessor Visual Inspection	8,555	2,318	377	10,496
Sheriff Service Fee	140,401	343,801	332,623	151,579
Sheriff Courthouse Security	5,774	28,451	23,164	11,061
Sheriff Grant Fund	1,682	37,617	11,334	27,965
Sheriff Insurance Recovery	50,618	11,089	18,572	43,135
Juvenile Bureau Federal IV E Fund	169,949	134,924	82,830	222,043
911 Emergency	128,198	78,853	76,102	130,949
Civil Defense	22,347	105,984	69,040	59,291
County Use Tax Revolving Fund	252,004	197,480	9,782	439,702
Oklahoma Department of Transportation - Bike Trail	3,285	-	-	3,285
County Film Library	1,046	-	1,046	-
Comanche County Courthouse Café	21,758	2,408	24,166	-
Hospital Lease Revenue Fund	80,778	349,524	430,302	-
Litter Environmental Reward	80	100	120	60
Combined Total - Remaining Aggregate Funds	\$ 1,185,038	\$ 1,944,573	\$ 1,618,150	\$ 1,511,461

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement as follows:

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by statute.

Treasurer Mortgage Tax Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by statute.

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed in the County Clerk's office as restricted by statute for preservation of records.

Assessor Visual Inspection – accounts for the collection and expenditure of monies by the Assessor as restricted by statute for the visual inspection program.

Sheriff Service Fee – accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

Sheriff Courthouse Security – accounts for the collection of fees through the court system and disbursed for courthouse security.

Sheriff Grant Fund – accounts for grant monies received by the Sheriff's office. Disbursements account for the allowable expenses provided by grant contracts.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Sheriff Insurance Recovery – accounts for the collection of insurance payments received from the destruction of County Sheriff’s equipment and disbursements are for replacement of equipment.

Juvenile Bureau Federal IV E Fund – accounts for the collection of grant monies provided for seeking and preserving families. Disbursements are for professional services, contracts, and community service supervisors.

911 Emergency – accounts for the collection of a 5% fee of the tax rate imposed on residence outside city limits of Lawton, but within the boundaries of Comanche County. Disbursements provided by the fee are used to operate and maintain an emergency telephone system (E911).

Civil Defense – accounts for state and local government collections and disbursements are made for personal services.

County Use Tax Revolving Fund – accounts for use tax collections from the Oklahoma Tax Commission. Disbursements account for general maintenance of the Comanche County Courthouse.

Oklahoma Department of Transportation – Bike Trail – accounts for the collection of grant monies and is disbursed for the creation of a community bike trail.

County Film Library – accounts for the collection of grant monies from donations for school districts within the County and disbursements are for the purchase of films.

Comanche County Courthouse Café – accounts for the collection from café sales and disbursements are made for the operation of the café.

Hospital Lease Revenue Fund – accounts for the collection of lease monies from the Hospital Authority to be disbursed upon the authority of the Board of County Commissioners.

Litter Environmental Reward – accounts for the monies collected and disbursed to citizens involved in the reporting of littering offenses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Child Nutrition Program:			
School Breakfast Program	10.553	N/A	\$ 14,624
National School Lunch Program	10.555	N/A	22,944
Total U.S. Department of Agriculture			<u>37,568</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	126,676
Total U.S. Department of Interior			<u>126,676</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Office of Juvenile Affairs:			
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	N/A	40,133
Passed Through the State Department of Human Services:			
Title V_Delinquency Prevention Program	16.548	N/A	62,547
Passed Through the City of Lawton Police Department:			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	N/A	11,333
Total U.S. Department of Justice			<u>114,013</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Distaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1883	2,573,047
Total U.S. Department of Homeland Security			<u>2,573,047</u>
Total Expenditures of Federal Awards			<u>\$ 2,851,304</u>

**COMANCHE COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Basis of Presentation

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

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

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 OFFICERS OF
COMANCHE COUNTY, 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 combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Comanche County, Oklahoma, as of and for the year ended June 30, 2013, which comprises Comanche County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 17, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2013, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Comanche County'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 statement, but not for the purpose of expressing an opinion on the effectiveness of Comanche County's internal control. Accordingly, we do not express an opinion on the effectiveness of Comanche County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: *2013-1 and 2013-5*.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 2013-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comanche County's financial statement is 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 questioned costs as items 2013-3 and 2013-5.

We noted certain matters regarding statutory compliance that we reported to the management of Comanche County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

Comanche County's Responses to Findings

Comanche County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Comanche County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

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

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

February 17, 2015



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

TO THE OFFICERS OF
COMANCHE COUNTY, OKLAHOMA

Report on Compliance for Each Major Program

We have audited the compliance of Comanche County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Comanche County's major federal program for the year ended June 30, 2013. Comanche County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Comanche County's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Comanche County's compliance based on our audit.

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

Opinion on Each Major Federal Program

In our opinion, Comanche County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Internal Control Over Compliance

Management of Comanche County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Comanche County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Comanche County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-10 and 2013-16 to be material weaknesses.

Comanche County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Comanche County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

February 17, 2015

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted?..... Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? No

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

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

Identification of Major Programs

CFDA Number(s)
97.036

Name of Federal Program or Cluster
Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

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

Auditee qualified as low-risk auditee?..... No

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION 2—Findings related to the 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*

Finding 2013-1 - Inadequate County-Wide Controls and Disaster Recovery Plan (Repeat Finding)

Condition: County-wide controls regarding Risk Management and Monitoring have not been designed. Further, the County Clerk did not have a Disaster Recovery Plan in place for the information systems within their office.

Cause of Condition: Procedures have not been designed to address risks of the County.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds. Further, these conditions could also result in the loss of data, the unreliability of data, and increase the risk that the County may not recover from an emergency situation and/or disaster.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook. The County Clerk should prepare a Disaster Recovery Plan in order to maintain operations in the event of a disaster.

Management Response:

Vice-Chairman of the BOCC: The Board of County Commissioners is aware of the condition and will work toward assessing and identifying risks to design written County-wide controls.

County Clerk: The County Clerk is aware of the condition and will work toward the design of a Disaster Recovery Plan.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-3 - Inadequate Internal Controls and Noncompliance Over Pledged Collateral (Repeat Finding)

Condition: Based upon inquiry of the County Treasurer and staff, and observation of records, we noted County funds were not adequately secured at one financial institution for one of the twelve days tested during the fiscal year.

- On December 19, 2012, the County's bank balance was \$29,712,047.96, but the amount of securities pledged for the balance was \$24,519,440.00, leaving County funds under collateralized in the amount of \$5,192,607.96.

Cause of Condition: Procedures to monitor that bank account balances are adequately secured on a daily basis have not been designed and implemented by the County Treasurer.

Effect of Condition: This condition resulted in noncompliance with state statute and unsecured County funds. Further, this condition could result in the possible loss of county funds.

Recommendation: OSAI recommends that the County Treasurer comply with 62 O.S. § 517.4, which requires county deposits with financial institutions be secured with collateral securities or instruments. Further, OSAI recommends the County Treasurer monitor and maintain evidence documenting the security of county deposits on a daily basis.

Management Response:

County Treasurer: The County Treasurer is aware of the condition and procedures will be implemented to monitor bank balances which will ensure the security of County funds.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding 2013-5 - Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: The audit of sixty-five purchase orders reflected the following noncompliance and inadequate internal controls over the disbursement process:

- Two instances were noted in which supporting documentation of the disbursement was not attached to the purchase order (i.e., invoice and receiving report).
- Five instances were noted in which goods and/or services were received prior to the encumbrance of funds.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cause of Condition: Procedures have been designed over the disbursement process; however, complete implementation of those procedures to strengthen internal controls to ensure compliance with state statutes has not been achieved.

Effect of Condition: These conditions resulted in inadequate controls over disbursements and noncompliance with state statutes.

Recommendation: OSAI recommends that internal controls be implemented to provide assurance that purchases are in accordance with 19 O.S. § 1505C and § 1505E.

- County funds should be encumbered prior to the receipt of goods and/or services.
- Disbursements of County funds should be supported with invoices and receiving reports.

Management Response:

Vice-Chairman of the Board of County Commissioners: The Board of County Commissioners will emphasize to all departments and offices the importance of encumbering funds prior to the receipt of goods and services and ensuring that supporting documentation is attached to all purchase orders.

County Clerk: The County Clerk is aware of the condition and will ensure that adequate supporting documentation is attached to all purchase orders.

Criteria: Accountability and stewardship are overall goals of management in the accounting of county funds. To help ensure a proper accounting of county funds, communication between offices is of vital importance to ensure the accuracy of recording, authorization, custody of assets, and execution of transactions so that unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds are detected in a timely manner.

An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitutes a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

SECTION 3—Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2013-10 Inadequate Internal Controls Over Major Programs – FEMA (Repeat Finding)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-1883

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL AWARD YEAR: 2010

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County's internal control procedures regarding federal disbursements, we noted that there is no evidence that expenditures related to Disaster Grants were monitored or reviewed to ensure compliance with grant requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions.

Cause of Condition: Internal controls have not been designed and implemented with regard to ensuring compliance requirements of federal grants are met by the County.

Effect of Condition: This condition could result in noncompliance to grant requirements and possible loss of future grant awards.

Recommendation: OSAI recommends the County design and implement internal controls to ensure compliance with requirements. OSAI further recommends the County utilize available resources, such as the website, cfda.gov, to develop controls to ensure compliance with restrictions and guidelines set forth for the types of grants received.

Management Response:

District 1 and District 3 County Commissioners: The County strongly makes an effort to comply with any and all federal requirements and the County will continue to make efforts to design and implement internal controls to ensure grant requirements are met.

Criteria: *OMB A-133, Subpart C, §__.300* reads as follows:

Subpart C—Auditees

§__.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal controls over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Finding 2013-16 - Inadequate County-Wide Controls Over Major Federal Programs – FEMA
(Repeat Finding)**

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-1883

FEDERAL AWARD YEAR: 2010

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: County-wide controls regarding Risk Management and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to address risks of the County.

Effect of Condition: This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:

District 1 and District 3 County Commissioners: The County strongly makes effort to comply with any and all federal requirements and the County will continue to make efforts to design and implement internal controls to ensure grant requirements are met. The Board of County Commissioners will work toward assessing and identifying risks to design county-wide controls over major federal programs.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2013-11 - Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories (Repeat Finding)

Condition: Upon inquiry of County officials and employees, we determined that annual physical fixed assets inventory verification was not performed by the following offices:

- District 3 County Commissioner
- County Sheriff
- Court Clerk

Further, District 1 County Commissioner fixed assets were not properly marked with “Property of Comanche County.”

The observation and test of consumable inventory items for District 1 and District 3 County Commissioners reflected the following weaknesses:

District 1 County Commissioner:

- A monthly physical verification of consumable inventory items was not performed.
- Two of the five items selected did not agree to the stock cards.

District 3 County Commissioner:

- A monthly physical verification of consumable inventory items was not performed.

Cause of Condition: Procedures have not been designed and implemented by County officers to perform annual fixed assets inventory verification to ensure compliance with statutes.

Effect of Condition: When fixed assets are not monitored and equipment is not properly marked with County identification numbers and “Property of Comanche County,” opportunities for misuse or loss of equipment can occur. Additionally, when consumable inventory items are not adequately documented and inadequate segregation of duties exist, the opportunity for the misappropriation and undetected errors, could occur.

Recommendation: OSAI recommends that management implement internal controls to ensure compliance with 69 O.S. § 645, 19 O.S. § 1502(A) (1), and 19 O.S. § 1504A.

Management Response:

District 1: The District 1 County Commissioner is aware of the condition and will implement the performance of a monthly consumable inventory count.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

District 3: The District 3 County Commissioner is aware of the condition and will implement the performance of a yearly fixed asset count and monthly consumable inventory count.

County Sheriff: The County Sheriff is aware of this condition and will work to implement the performance of a yearly fixed asset count.

Court Clerk: The Court Clerk is aware of this condition and will work to implement the performance of a yearly fixed asset count.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

**COMANCHE COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2012-10 - Inadequate Internal Controls Over Major Programs – FEMA (Repeat Finding)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD YEAR: 2010

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Finding Summary: During the process of documenting the County’s internal controls regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting and Special Tests and Provisions.

Status: Finding 2012-10 was not corrected in fiscal year 2013 and resulted in Repeat Finding 2013-10.

Finding 2012-16 - Inadequate County-Wide Controls Over Major Federal Program - FEMA (Repeat Finding)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD YEAR: 2010

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Finding Summary: During the process of documenting the County’s internal controls regarding federal disbursements, we noted the County has not established County-wide controls regarding Risk Management and Monitoring.

Status: Finding 2012-16 was not corrected in fiscal year 2013 and resulted in Repeat Finding 2013-16.

**COMANCHE COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2012-19 - Schedule of Expenditures of Federal Awards - BIA

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Disaster Grants – Public Assistance, as required by OMB Circular A-133.

Status: The County did not receive or expend funds for this grant for the fiscal year 2013; however, the finding was corrected in fiscal year 2013 and resulted in no finding.

Finding 2012-20 - Inadequate County-Wide Controls Over Major Program - BIA

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted the County has not established County-wide controls regarding Risk Management and Monitoring.

Status: The County did not receive or expend funds for this grant for the fiscal year 2013; however, no corrective action has been taken.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV