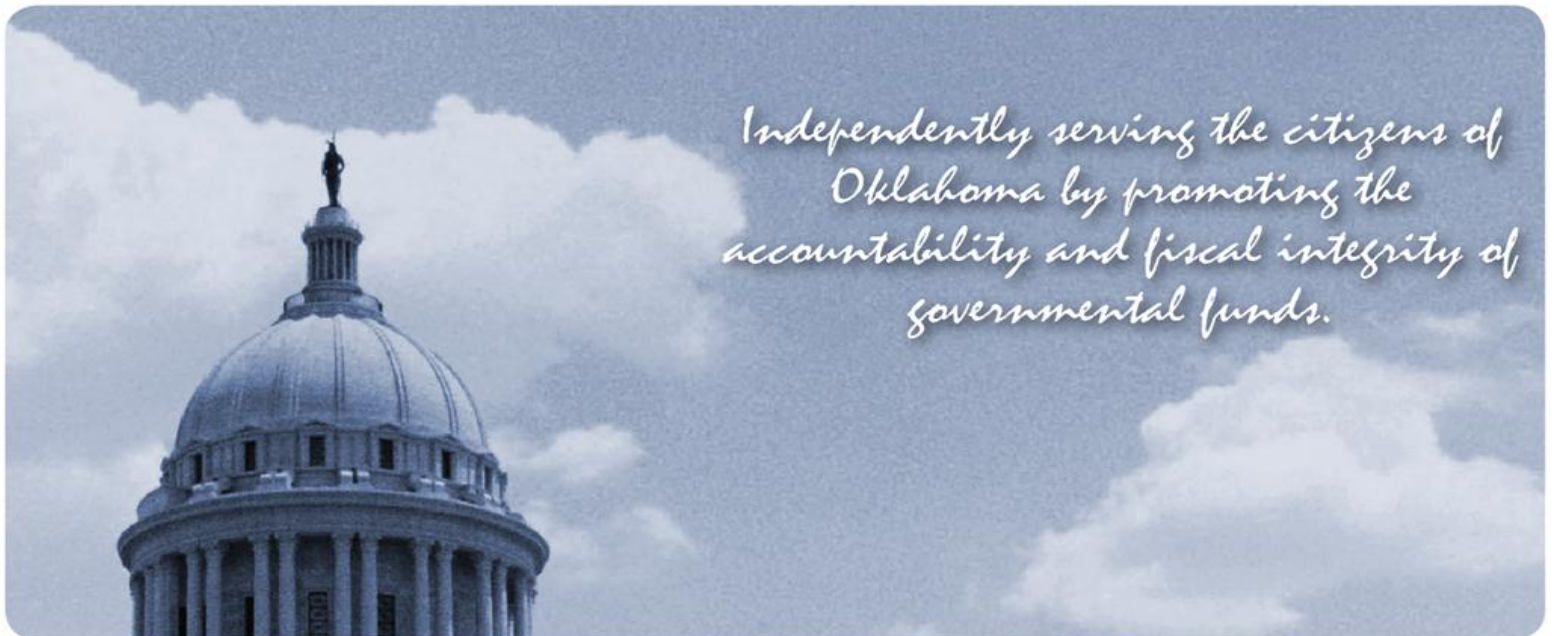


FINANCIAL AUDIT

COMANCHE COUNTY

For the fiscal year ended June 30, 2014



*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, 2014**

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

November 17, 2015

TO THE CITIZENS OF
COMANCHE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Comanche County, Oklahoma for the fiscal year ended June 30, 2014. 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, 2014**

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**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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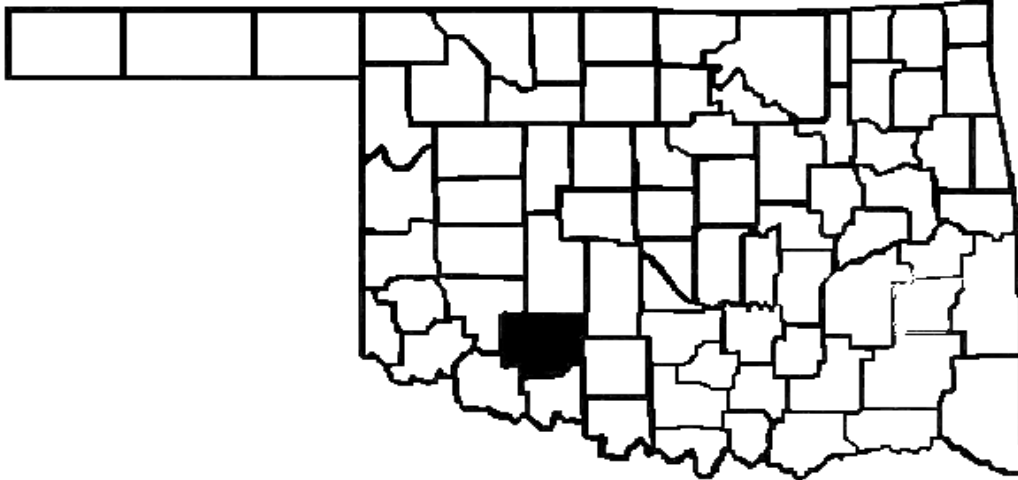
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**COMANCHE COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



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.

Ft. 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, 2014**

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

Rhonda Brantley

Court Clerk

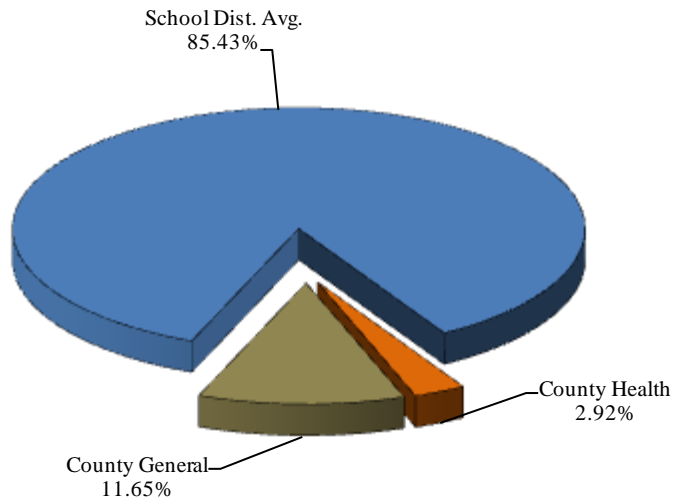
Robert Morales

District Attorney

Fred C. Smith

**COMANCHE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

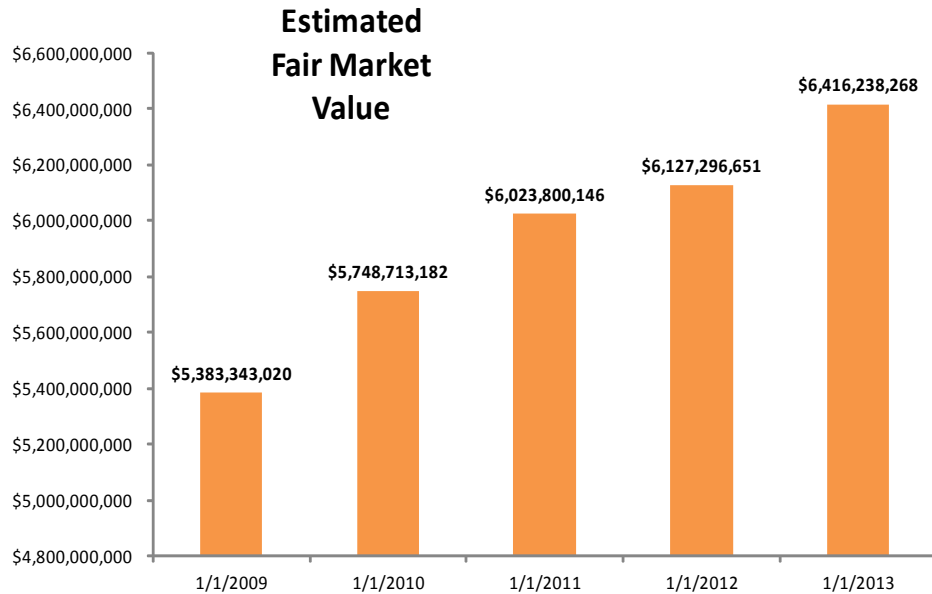
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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								
		Career								
		Gen.	Bldg.	Skg.	Tech	Common	EMS	Total		
County General	10.23									
County Health	2.56	Cache	I-1-1	35.67	5.10	22.31	14.25	4.09	-	81.42
		Indiahoma	I-2-1	37.44	5.35	13.91	14.25	4.09	-	75.04
		Sterling	I-3-1	37.85	5.41	17.34	14.25	4.09	-	78.94
		Geronimo	I-4-1	36.80	5.26	26.09	14.25	4.09	-	86.49
		Lawton	I-8-1	35.67	5.10	5.95	14.25	4.09	-	65.06
		Fletcher	I-9-1	36.35	5.19	11.08	14.25	4.09	-	70.96
		Elgin	I-16-1	36.74	5.25	28.19	14.25	4.09	-	88.52
		Flower Mound	D-48-1	35.55	5.08	-	14.25	4.09	-	58.97
		Bishop	D-49-1	35.44	5.06	13.04	14.25	4.09	-	71.88
		Chattanooga	I-132-1	37.17	5.31	20.54	14.25	4.09	-	81.36
		Cotton	J-1-1	37.71	5.39	10.20	12.70	4.09	-	70.09
		Caddo	J-56	38.22	5.46	14.91	11.89	4.09	-	74.57
		Caddo	J-I-160	35.00	5.00	21.59	11.89	4.09	-	77.57
		Caddo	J-I-64	35.00	5.00	18.55	11.89	4.09	-	74.53
		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	21.79	12.70	4.09	-	83.43
		Stephens	J-I-34	36.92	5.27	29.65	12.70	4.09	-	88.63
		City Millages								
City of Lawton	10.45									

**COMANCHE COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

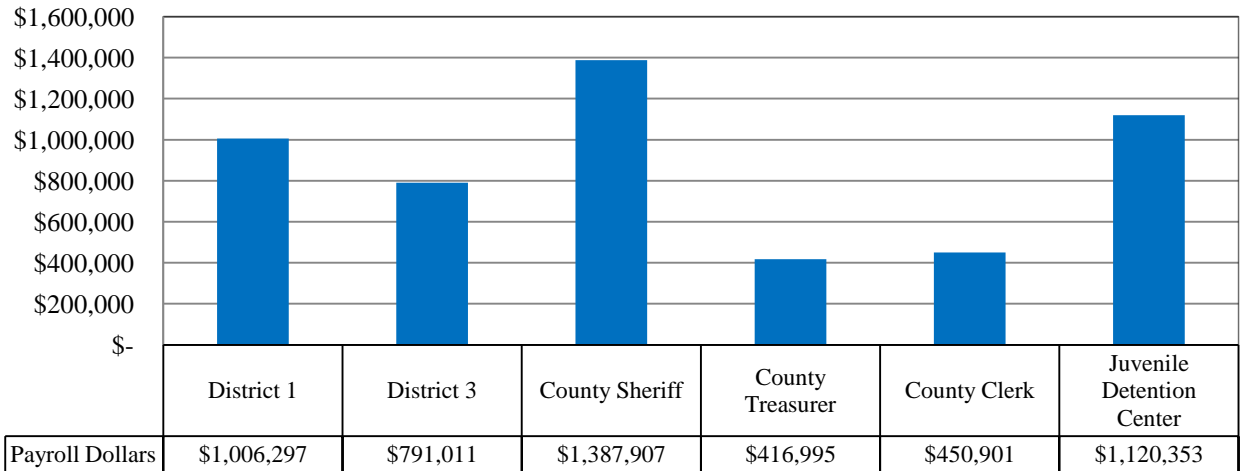
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Veterans Exemption	Net Value	Estimated Fair Market Value
1/1/2013	\$110,618,057	\$44,628,705	\$589,236,191	\$14,608,070	\$29,797,179	\$700,077,704	\$6,416,238,268
1/1/2012	\$93,614,651	\$45,263,135	\$573,421,309	\$15,084,758	\$27,006,279	\$670,208,058	\$6,127,296,651
1/1/2011	\$96,584,764	\$44,367,923	\$559,248,589	\$46,524,942	\$0	\$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



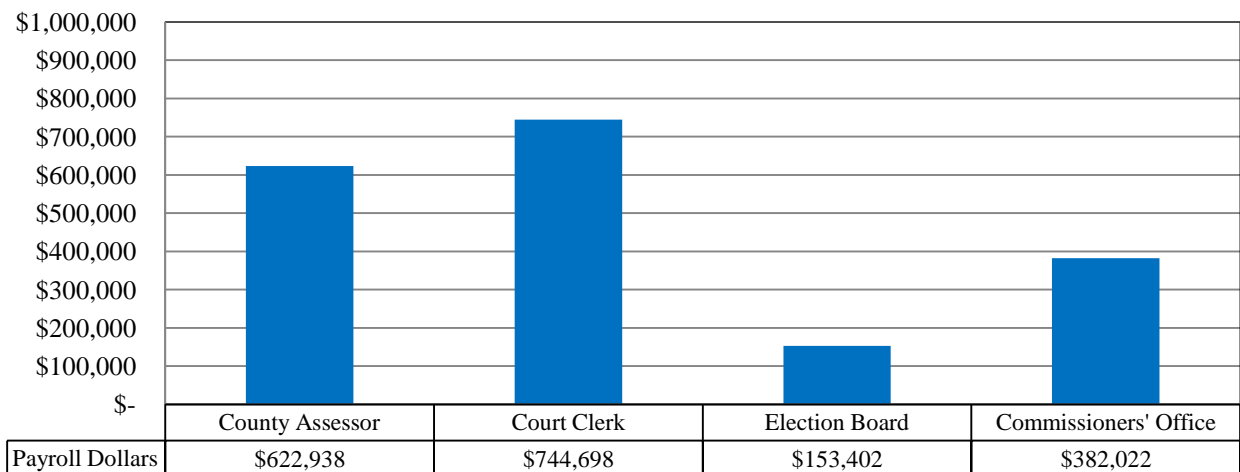
**COMANCHE COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014.

Payroll Expenditures by Department



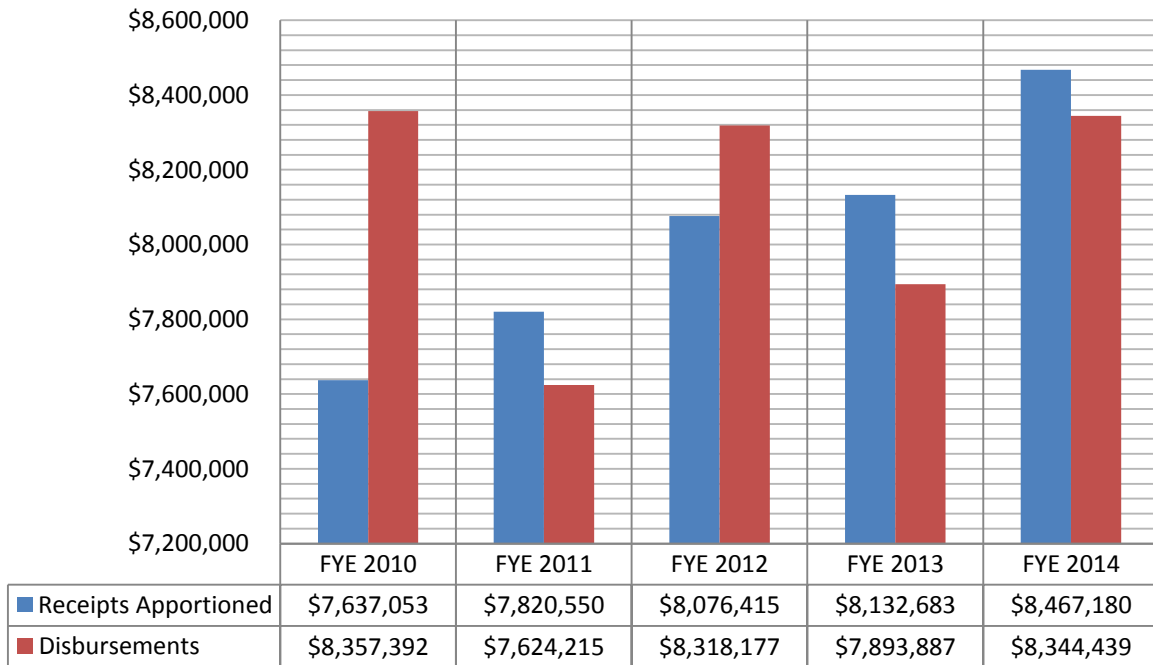
Payroll Expenditures by Department



**COMANCHE COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County General Fund

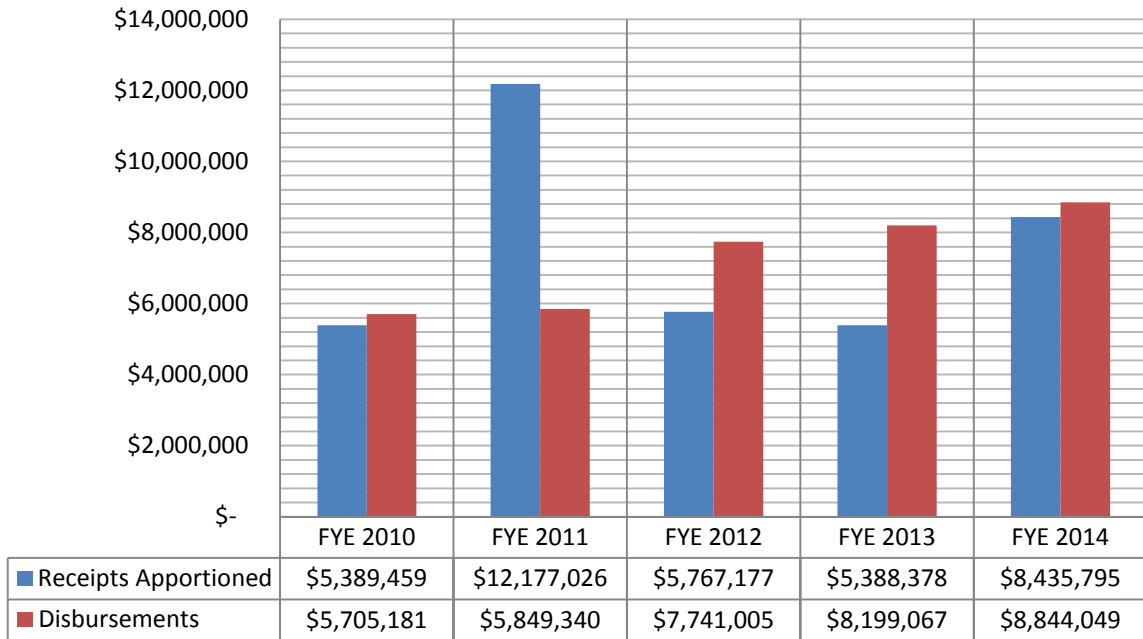
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also 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, 2014**

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, 2014, 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, 2014, 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, 2014, 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 November 16, 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

November 16, 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, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Combing Information:						
Major Funds:						
County General Fund	\$ 3,063,192	\$ 8,467,180	\$ -	\$ -	\$ 8,344,439	\$ 3,185,933
County Highway Fund	3,880,096	8,435,795	-	30,000	8,844,049	3,441,842
County Health Department	2,054,532	1,941,373	-	-	1,653,764	2,342,141
Sheriff Sales Tax 2007	183,148	125,034	-	-	241,350	66,832
Sheriff Grant Fund	27,965	39,754	-	-	36,976	30,743
Juvenile Detention General Cash Fund	457,278	1,455,652	-	-	1,504,904	408,026
Home Finance Cash Fund	2,018,092	555,054	-	-	1,505,451	1,067,695
Fairgrounds Sales Tax 2007	18,177	234,438	-	-	213,407	39,208
Capital Improvement Sales Tax 2007	189,341	140,663	-	-	21,686	308,318
JABG - GANG -1 Grant	11,781	44,038	-	-	43,116	12,703
Jail Sales Tax (Facilities Authority)	613,052	1,562,923	-	-	2,043,120	132,855
Industrial Development Sales Tax	65,439	843,978	-	-	768,265	141,152
County Bridge & Road Improvement Fund 105	1,846,766	1,556,152	30,000	-	1,002,017	2,430,901
Rural Fire Department Sales Tax	16,965	218,809	-	-	199,180	36,594
Bishop Water Association/REAP	2,156	-	-	-	2,156	-
Meers Porter Hill Fire/REAP	-	45,000	-	-	43,000	2,000
Remaining Aggregate Funds	1,483,496	1,692,020	-	-	1,452,819	1,722,697
Combined Total - All County Funds	\$ 15,931,476	\$ 27,357,863	\$ 30,000	\$ 30,000	\$ 27,919,699	\$ 15,369,640

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, 2014**

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 emergency medical districts, 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 the 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 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. Disbursements are for the operation of the county health department.

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

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 THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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.

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

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

Capital Improvement Sales Tax 2007 – accounts for the collection of sales tax proceeds. 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 proceeds. 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 lines upgrades.

Meers Porter Hill Fire/REAP – accounts for grant monies received by the Meers Porter Hill Fire Department. Disbursements account for the allowable expenses provided by grant contracts.

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 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.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 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.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

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.

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 county capital improvements and operational costs of the Comanche County Jail, through the Comanche County Facilities Authority. These funds are accounted for in the Jail Sales Tax (Facilities Authority) fund.

On April 3, 2007, in a special election, Comanche County citizens 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 which are as follows: Sheriff Sales Tax 2007, Fairgrounds Sales Tax 2007, Capital Improvement Sales Tax 2007, Industrial Development Sales Tax, and Rural Fire Department Sales Tax.

E. Interfund Transfer

During the fiscal year, the County made the following transfer between cash funds.

- \$30,000 was transferred from the County Highway Fund to the County Bridge & Road Improvement 105 for road and bridge repairs.

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, 2014

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 3,063,192	\$ 3,063,192	\$ -
Less: Prior Year Outstanding Warrants	(81,976)	(81,976)	-
Less: Prior Year Reserves	(190,810)	(160,083)	30,727
Beginning Cash Balances, Budgetary Basis	<u>2,790,406</u>	<u>2,821,133</u>	<u>30,727</u>
Receipts:			
Ad Valorem Taxes	6,510,723	6,701,442	190,719
Charges for Services	-	383,396	383,396
Intergovernmental Revenues	2,033	1,208,265	1,206,232
Miscellaneous Revenues	-	174,077	174,077
Total Receipts, Budgetary Basis	<u>6,512,756</u>	<u>8,467,180</u>	<u>1,954,424</u>
Expenditures:			
County Sheriff	1,897,671	1,897,390	281
County Treasurer	334,049	324,186	9,863
County Commissioners	931,095	907,412	23,683
County Commissioners - OSU Extension	140,178	136,973	3,205
County Clerk	617,486	607,444	10,042
Court Clerk	732,252	684,585	47,667
County Assessor	431,974	419,205	12,769
Revaluation of Real Property	598,000	569,582	28,418
Juvenile Shelter Bureau	477,382	473,312	4,070
General Government	923,725	810,457	113,268
Excise-Equalization Board	8,000	6,689	1,311
County Election Board	177,639	171,204	6,435
Charity	2,000	800	1,200
Library	50,000	50,000	-
Juvenile Detention Center	187,322	187,322	-
E-911	381,750	381,750	-
Contingencies	729,228	322,498	406,730
County Audit Budget Account	157,265	19,964	137,301
Free Fair Budget Account	326,127	326,127	-
County Hospital Budget Account	175,019	175,019	-
Provision for Interest on Warrants	25,000	13,409	11,591
Total Expenditures, Budgetary Basis	<u>9,303,162</u>	<u>8,485,328</u>	<u>817,834</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	2,802,985	<u>\$ 2,802,985</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		361,250	
Add: Current Year Outstanding Warrants		21,698	
Ending Cash Balance		<u>\$ 3,185,933</u>	

**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, 2014**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,054,532	\$ 2,054,532	\$ -
Less: Prior Year Outstanding Warrants	(15,085)	(15,085)	-
Less: Prior Year Reserves	(293,986)	(271,104)	22,882
Beginning Cash Balances, Budgetary Basis	1,745,461	1,768,343	22,882
Receipts:			
Ad Valorem Taxes	1,629,272	1,764,645	135,373
Intergovernmental	175,748	176,728	980
Total Receipts, Budgetary Basis	1,805,020	1,941,373	136,353
Expenditures:			
Health and Welfare	3,550,481	1,531,523	2,018,958
Total Expenditures, Budgetary Basis	3,550,481	1,531,523	2,018,958
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	2,178,193	\$ 2,178,193
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		64,088	
Add: Current Year Outstanding Warrants		99,860	
Ending Cash Balance		\$ 2,342,141	

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, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:				
Resale Property	\$ 298,987	\$ 507,697	\$ 400,781	\$ 405,903
Treasurer Mortgage Tax Certification Fee	12,367	18,610	21,587	9,390
County Clerk Lien Fee	59,230	40,560	27,813	71,977
County Clerk Record Preservation Fee	41,311	98,395	88,157	51,549
Assessor Visual Inspection	10,496	2,277	-	12,773
Sheriff Service Fee	151,579	315,510	334,357	132,732
Sheriff Courthouse Security	11,061	26,658	23,380	14,339
Sheriff Insurance Recovery	43,135	11,677	35,639	19,173
Juvenile Bureau Federal IV E Fund	222,043	91,013	136,899	176,157
911 Emergency	130,949	75,788	97,680	109,057
Civil Defense	59,291	294,768	283,241	70,818
County Use Tax Revolving Fund	439,702	208,957	-	648,659
Oklahoma Department of Transportation - Bike Trail	3,285	-	3,285	-
Litter Environmental Reward	60	110	-	170
Combined Total - Remaining Aggregate Funds	\$ 1,483,496	\$ 1,692,020	\$ 1,452,819	\$ 1,722,697

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 are as follows:

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

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

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

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

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

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Sheriff Insurance Recovery – accounts for the collection of insurance payments received from the destruction of 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 residents 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 (E-911).

Civil Defense – accounts for the receipt and disbursement of funds from state and local government for civil defense purposes.

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 disbursed for the creation of a community bike trail.

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, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Oklahoma Department of Education:			
Child Nutrition Program			
School Breakfast Program	10.553		\$ 15,039
National School Lunch Program	10.555		24,219
Total U.S. Department of Agriculture			<u>39,258</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		140,049
Total U.S. Department of Interior			<u>140,049</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Oklahoma Department of Juvenile Affairs			
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540		50,848
Passed Through the State Department of Human Services:			
Title V_Delinquency Prevention Program	16.548		48,189
Direct Grant:			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738		25,050
Total U.S. Department of Justice			<u>124,087</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	3,878,377
Hazardous Mitigation Grant	97.039		6,413
Emergency Management Performance Grants	97.042		42,509
Total U.S. Department of Homeland Security			<u>3,927,299</u>
Total Expenditures of Federal Awards			<u>\$ 4,230,693</u>

**COMANCHE COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014, 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 November 16, 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, 2014, 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 a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: 2014-1.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 questioned costs. 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

November 16, 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, 2014. 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, 2014.

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 2014-12 and 2014-13 to be material weaknesses.

Other Matters

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, 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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

November 16, 2015

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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? No

Noncompliance material to financial statements noted?..... No

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, 2014**

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 2014-1 – 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 Commissioners and County Sheriff do not have a Disaster Recovery Plan in place for the information systems used within their offices.

Cause of Condition: Policies and 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 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 Commissioners and the County Sheriff should prepare a Disaster Recovery Plan in order to maintain operations in the event of a disaster.

Management Response:

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. Further, the Board will work toward the design of a Disaster Recovery Plan.

County Sheriff: The Sheriff’s department 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 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, 2014**

SECTION 3—Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Finding 2014-12 – 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: 2014

FEDERAL AWARD NUMBER: DR-1883

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

QUESTIONED COSTS: \$-0-

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal compliance requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements and loss of federal funds to the County.

Recommendation: OSAI recommends that the County implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

County Commissioner District 1, 2, and 3: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Comanche County receives to ensure that proper internal controls are implemented.

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

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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.

Finding 2014-13 – 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 YEAR: 2014

FEDERAL AWARD NUMBER: DR-1883

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

QUESTIONED COSTS: \$-0-

Condition: County-wide controls regarding Control Environment, Risk Assessment, and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements.

Recommendation: OSAI recommends the County implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

County Commissioner District 1, 2, and 3: We will work to implement a risk management plan. We will implement controls to help make sure we are in compliance with all grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure that employees have the current and correct compliance supplement to work from. Furthermore, we will work with the County Treasurer and County Clerk's office to ensure that all checks and balances are done correctly.

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

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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 Control Environment, Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

The control environment is the foundation for all other components of internal control. When management believes that internal controls are important to meeting its goals and objectives and communicates this belief to its employees at all levels, internal controls are more likely to be functioning well. However, if management views internal controls as unrelated to achieving its goals and objectives, or even as an obstacle, it is almost a certainty that this attitude will be held by all employees, despite official statements or policies to the contrary. This understanding by management of the importance of internal controls and the communication of this importance to its employees are key elements of the control environment.

Risk assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

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 2014-11 – 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 1 County Commissioner
- County Sheriff

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Further, a current listing of County Sheriff equipment was not available for review, and District 1 fixed assets were not properly marked with “Property of Comanche County.”

Additionally, the observation and test of consumable inventory items for District 1 and District 3 County Commissioners reflected the following weakness:

District 3 County Commissioner:

- Monthly reconciliations of the pump reading to the usage reflected by the tank meters/fuel logs were not performed.

Cause of Condition: Policies and procedures have not been designed and implemented by all county officers for the accurate reporting of fixed assets and consumable inventory items, as well as procedures to ensure the proper marking of equipment.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets and consumable inventories.

Recommendation: OSAI recommends the County adopt policies and procedures to implement a system of internal controls over the fixed assets and consumable inventory records to ensure compliance with 69 O.S. § 645, 19 O.S. § 178.1, 19 O.S. § 1502(A)(1), and 19 O.S. § 1504(A).

Management Response:

District 1 County Commissioner: District 1 is working to ensure that all County equipment is properly marked with “Property of Comanche County,” and we will maintain documentation of the annual physical inventory verification.

District 3 County Commissioner: Reconciliations between fuel pump readings and tank meters/fuel logs will be performed and the documentation will be maintained.

County Sheriff: The County Sheriff has appointed personnel to maintain and update the inventory listings.

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.

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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: No corrective action has been taken.

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: No corrective action has been taken.

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

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Control Category: Activities Allowed or Unhallowed; 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: No corrective action has been taken.

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 Year: 2013

Federal Award Number: DR-1813

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

Questioned Costs: \$-0-

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: No corrective action has been taken.

Finding 2013-16 – County-Wide 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: 2013

Federal Award Number: DR-1883

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

Questioned Costs: \$-0-

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: No corrective action has been taken.



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