

COUNTY AUDIT

COMANCHE COUNTY

For the fiscal year ended June 30, 2017



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, 2017**

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 Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

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

July 9, 2018

TO THE CITIZENS OF
COMANCHE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Comanche County, Oklahoma for the fiscal year ended June 30, 2017. 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, reading "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 General Fund Analysis | vii |
| County Highway Fund Analysis | viii |

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..... | 11 |
| Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund | 13 |
| Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds | 14 |
| Notes to Other Supplementary Information | 15 |

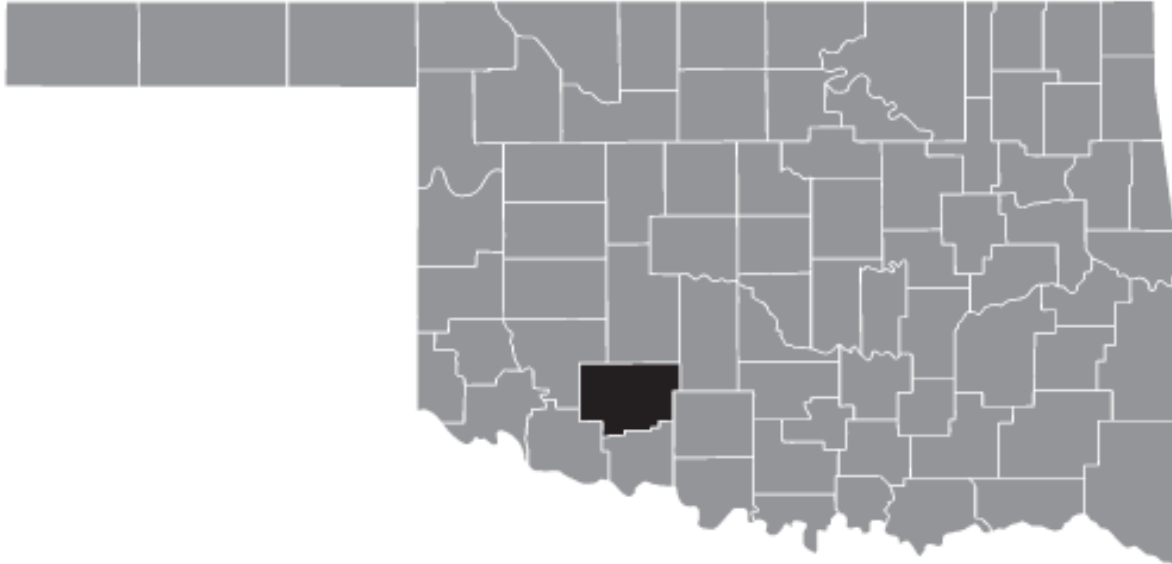
COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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> | 17 |
| Schedule of Findings and Responses | 19 |

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

**COMANCHE COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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 trading post.

The Wichita Mountains Wildlife Refuge attracts more than a million visitors annually. It is also the site of the Holy City of the Wichitas 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 – 122,136
(2016 est.)

Farms – 1,107

Land in Farms – 462,992 Acres

Primary Source: Oklahoma Almanac 2017 - 2018

**COMANCHE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Board of County Commissioners

District 1 – Gail Turner

District 2 – Johnny Owens

District 3 – Don Hawthorne

County Assessor

Grant Edwards

County Clerk

Carrie Tubbs

County Sheriff

Kenny Stradley

County Treasurer

Rhonda Brantley

Court Clerk

Robert Morales

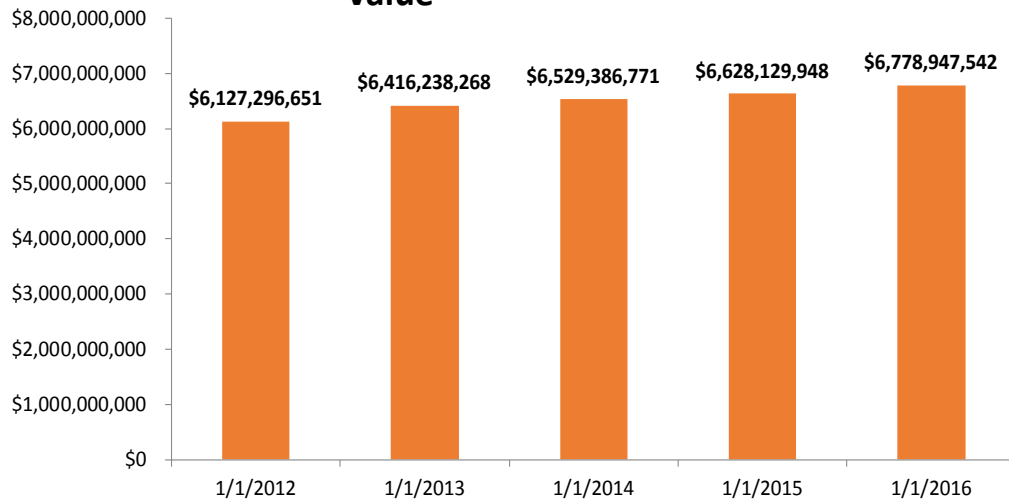
District Attorney

Fred C. Smith

**COMANCHE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
TREND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| Valuation Date | Personal | Public Service | Real Estate | Homestead Exemption | Veterans Exemption | Net Value | Estimated Fair Market Value |
|-------------------|---------------|-------------------|----------------|------------------------|-----------------------|---------------|-----------------------------------|
| 1/1/2016 | \$112,721,931 | \$46,375,185 | \$627,077,246 | \$13,680,563 | \$41,587,218 | \$730,906,581 | \$6,778,947,542 |
| 1/1/2015 | \$109,588,562 | \$44,050,935 | \$614,387,960 | \$14,009,110 | \$37,216,011 | \$716,802,336 | \$6,628,129,948 |
| 1/1/2014 | \$111,022,129 | \$40,946,521 | \$603,374,217 | \$14,291,430 | \$32,905,748 | \$708,145,689 | \$6,529,386,771 |
| 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 |

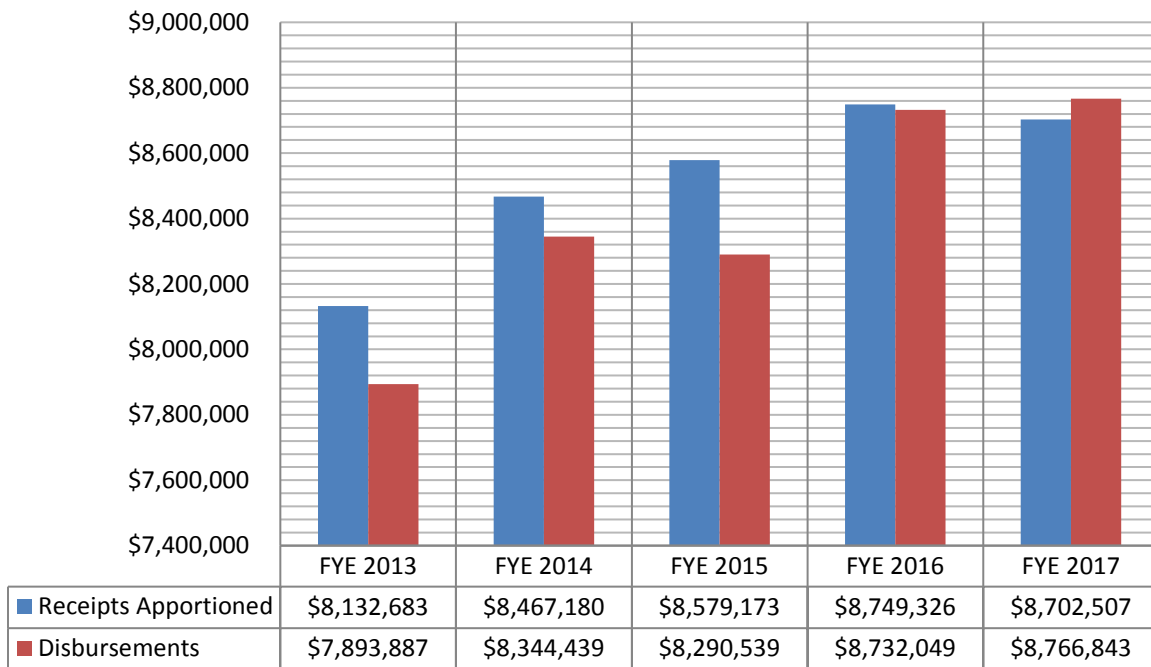
**Estimated
Fair Market
Value**



**COMANCHE COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

County General Fund

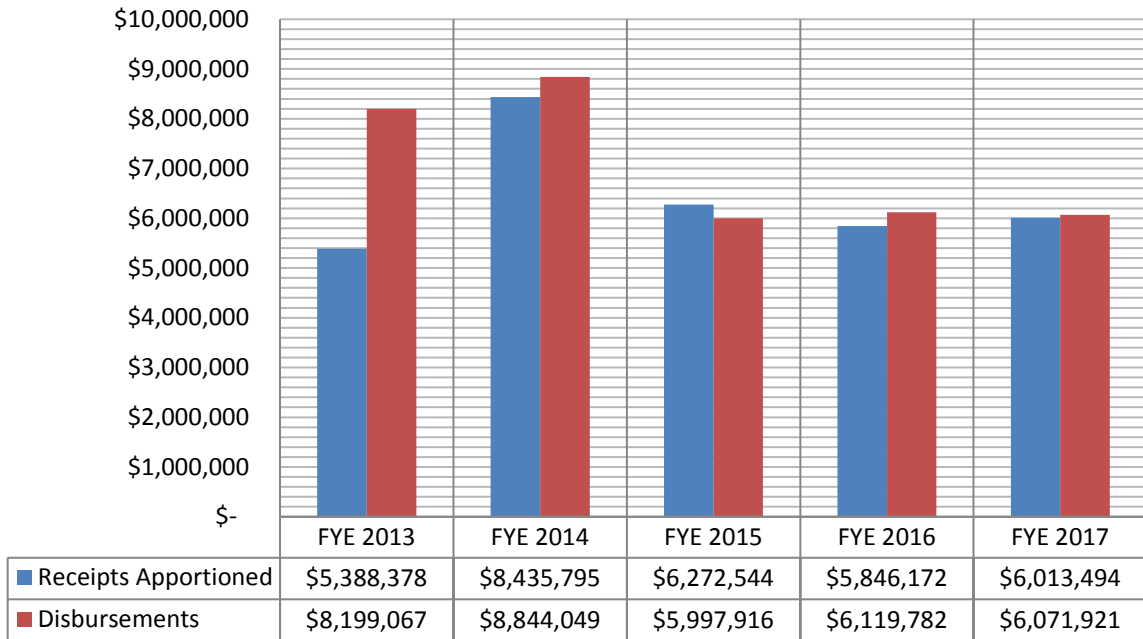
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also 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, 2017**

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 123 • 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, 2017, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

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 misstatements 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, 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, 2017, or changes in financial position for the year then ended.

Unmodified 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, 2017, in accordance with the basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2018, 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 that reads "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

July 2, 2018

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, 2017

| | Beginning Cash Balances July 1, 2016 | Receipts Apportioned | Transfer In | Disbursements | Ending Cash Balances June 30, 2017 |
|---|--|-------------------------|-----------------|----------------------|--|
| Combining Information: | | | | | |
| Major Funds: | | | | | |
| County General Fund | \$ 3,498,399 | \$ 8,702,507 | \$ - | \$ 8,766,843 | \$ 3,434,063 |
| County Highway Fund | 3,442,860 | 6,013,494 | - | 6,071,921 | 3,384,433 |
| County Health Department | 2,042,202 | 1,938,926 | - | 1,999,368 | 1,981,760 |
| Sheriff Sales Tax 2007 | 208,158 | 140,867 | - | 206,250 | 142,775 |
| Sheriff Grant Fund | 3,318 | 16,385 | - | 3,318 | 16,385 |
| Juvenile Detention General Cash Fund | 250,521 | 1,468,726 | - | 1,496,292 | 222,955 |
| Home Finance Cash Fund | 1,012,055 | 529,195 | - | 15,200 | 1,526,050 |
| Fairgrounds Sales Tax 2007 | 20,804 | 260,780 | - | 261,017 | 20,567 |
| Capital Improvement Sales Tax 2007 | 271,566 | 153,399 | - | 35,582 | 389,383 |
| Jail Sales Tax (Facilities Authority) | 359,044 | 3,067,989 | - | 3,000,642 | 426,391 |
| Industrial Development Sales Tax | 58,746 | 736,317 | - | 736,992 | 58,071 |
| County Bridge & Road Improvement Fund 105 | 1,990,951 | 843,409 | - | 834,860 | 1,999,500 |
| Rural Fire Department Sales Tax | 19,581 | 245,439 | - | 245,663 | 19,357 |
| Resale Property | 740,684 | 524,696 | 1,435 | 316,730 | 950,085 |
| Sheriff Service Fee | 186,307 | 281,441 | - | 361,605 | 106,143 |
| Juvenile Bureau Federal IV E Fund | 188,019 | 57,009 | - | 9,405 | 235,623 |
| Remaining Aggregate Funds | 891,129 | 1,409,461 | - | 1,102,947 | 1,197,643 |
| Combined Total - All County Funds, as Restated | \$ 15,184,344 | \$ 26,390,040 | \$ 1,435 | \$ 25,464,635 | \$ 16,111,184 |

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, 2017**

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 departments.

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 are for allowable expenses provided by grant contracts.

COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Juvenile Detention General Cash Fund – accounts for the collection from 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 Commissioners for the general operations of the County and maintenance of county facilities.

Fairgrounds Sales Tax 2007 – accounts for the collections 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.

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 for operations of the capital improvements and operational cost of the Comanche County Jail.

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 are for 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 departments.

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

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

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.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 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.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 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. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

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.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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 8, 2008, Comanche County citizens voted an amendment to the one-quarter percent (.25%) sales tax to a one-eighth (.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 the Jail Sales Tax (Facilities Authority) fund.

On June 24, 2014, Comanche County citizens voted to amend, in order to increase the total, the Comanche County sales tax to three-eighths of one percent (3/8%) replacing both economic development 1/8% tax, and the existing county jail 1/8% tax; extending the term of the sales tax to December 31, 2021 of which 2/8% of the 3/8% will provide funding for the continued operational cost of the Comanche County Jail, all as more specifically set out in Resolution no. 04-07-14 of the Board of County Commissioners of Comanche County, Oklahoma. These funds are accounted for in a cash fund on the County's general ledger named Jail Sales Tax (Facilities Authority). The remaining 1/8% will provide funding for the economic development efforts through the Comanche County Industrial Authority, 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: Industrial Development Sales Tax, Capital Improvement Sales Tax 2007, Fairgrounds Sales Tax 2007, Rural Fire Department Sales Tax, and Sheriff Sales Tax 2007.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

E. Tax Abatements

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$328,813 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2017.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

F. Interfund Transfers

During the fiscal year, the County transferred \$1,435 from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.

G. Restatement of Fund Balance

During the fiscal year, the County had a reclassification of funds. Court Fund Payroll was reclassified as a county fund and represents payroll expenditures of County employees.

| | |
|--|---------------------|
| Prior year ending balance, as reported | \$15,184,284 |
| Funds reclassified to County Funds: | |
| Court Fund Payroll reclassified from a | |
| Trust and Agency Fund to a County Fund | <u>60</u> |
| Prior year ending balance, as restated | <u>\$15,184,344</u> |

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, 2017

| | General Fund | | |
|--|---------------------|------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Beginning Cash Balances | \$ 3,498,399 | \$ 3,498,399 | \$ - |
| Less: Prior Year Outstanding Warrants | (197,779) | (197,779) | - |
| Less: Prior Year Encumbrances | (324,855) | (203,084) | 121,771 |
| Beginning Cash Balances, Budgetary Basis | <u>2,975,765</u> | <u>3,097,536</u> | <u>121,771</u> |
| Receipts: | | | |
| Ad Valorem Taxes | 6,545,654 | 7,162,756 | 617,102 |
| Charges for Services | - | 391,237 | 391,237 |
| Intergovernmental Revenues | 8,991 | 997,193 | 988,202 |
| Miscellaneous Revenues | - | 151,321 | 151,321 |
| Total Receipts, Budgetary Basis | <u>6,554,645</u> | <u>8,702,507</u> | <u>2,147,862</u> |
| Expenditures: | | | |
| County Sheriff | 1,979,609 | 1,978,508 | 1,101 |
| County Treasurer | 317,687 | 317,119 | 568 |
| County Commissioners | 1,005,421 | 993,256 | 12,165 |
| OSU Extension | 150,676 | 150,496 | 180 |
| County Clerk | 671,137 | 664,073 | 7,064 |
| Court Clerk | 758,918 | 733,515 | 25,403 |
| County Assessor | 440,755 | 438,926 | 1,829 |
| Revaluation of Real Property | 676,064 | 675,420 | 644 |
| Juvenile Shelter Bureau | 493,139 | 472,698 | 20,441 |
| General Government | 831,891 | 781,518 | 50,373 |
| Excise-Equalization Board | 7,107 | 6,349 | 758 |
| County Election Board | 143,396 | 143,072 | 324 |
| Charity | 1,000 | 400 | 600 |
| Library | 26,000 | 26,000 | - |
| Juvenile Detention Center | 277,000 | 277,000 | - |
| E-911 | 456,266 | 456,266 | - |
| Contingencies | 699,911 | 93,492 | 606,419 |
| County Audit Budget Account | 74,580 | 60,500 | 14,080 |
| Free Fair Budget Account | 326,126 | 326,126 | - |
| County Hospital Budget Account | 182,727 | 182,727 | - |
| Provision for Interest on Warrants | 11,000 | 10,918 | 82 |
| Total Expenditures, Budgetary Basis | <u>9,530,410</u> | <u>8,788,379</u> | <u>742,031</u> |

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, 2017

| | General Fund | | |
|---|---------------------|---------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Continued from previous page | | | |
| Excess of Receipts and Beginning Cash | | | |
| Balances Over Expenditures, Budgetary Basis | <u>\$ -</u> | 3,011,664 | <u>\$ 3,011,664</u> |
| Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances | | | |
| Add: Current Year Reserves | | 169,184 | |
| Add: Current Year Outstanding Warrants | | <u>253,215</u> | |
| Ending Cash Balance | | <u>\$ 3,434,063</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, 2017

| | <u>County Health Department Fund</u> | | |
|---|--------------------------------------|---------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Beginning Cash Balances | \$ 2,042,202 | \$ 2,042,202 | \$ - |
| Less: Prior Year Outstanding Warrants | (4,997) | (4,997) | - |
| Less: Prior Year Encumbrances | (417,633) | (390,056) | 27,577 |
| Beginning Cash Balances, Budgetary Basis | <u>1,619,572</u> | <u>1,647,149</u> | <u>27,577</u> |
| Receipts: | | | |
| Ad Valorem Taxes | 1,638,013 | 1,792,440 | 154,427 |
| Charges for Services | - | 145,480 | 145,480 |
| Intergovernmental Revenues | - | 1,006 | 1,006 |
| Total Receipts, Budgetary Basis | <u>1,638,013</u> | <u>1,938,926</u> | <u>300,913</u> |
| Expenditures: | | | |
| Health and Welfare | <u>2,210,516</u> | <u>1,833,991</u> | <u>376,525</u> |
| Total Expenditures, Budgetary Basis | <u>2,210,516</u> | <u>1,833,991</u> | <u>376,525</u> |
| Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis | <u>\$ 1,047,069</u> | <u>1,752,084</u> | <u>\$ 705,015</u> |
| Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances | | | |
| Add: Cancelled Warrants | | 75,389 | |
| Add: Current Year Outstanding Warrants | | <u>154,287</u> | |
| Ending Cash Balance | | <u>\$ 1,981,760</u> | |

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, 2017

| | Beginning Cash Balances July 1, 2016 | Receipts Apportioned | Disbursements | Ending Cash Balances June 30, 2017 |
|---|--|-------------------------|---------------------|--|
| Remaining Aggregate Funds: | | | | |
| Treasurer Mortgage Tax Certification Fee | \$ 4,937 | \$ 18,440 | \$ 18,802 | \$ 4,575 |
| County Clerk Lein Fee | 56,627 | 36,901 | 42,141 | 51,387 |
| County Clerk Records Preservation Fee | 81,055 | 97,600 | 83,324 | 95,331 |
| County Assessor Revolving | 5,767 | 4,195 | 1,025 | 8,937 |
| Sheriff Courthouse Security | 13,795 | 27,647 | 32,102 | 9,340 |
| Sheriff Insurance Recovery | 77,576 | 40,999 | 42,007 | 76,568 |
| 911 Emergency | 64,190 | 86,450 | 60,041 | 90,599 |
| Civil Defense | 46,231 | 223,870 | 206,595 | 63,506 |
| County Use Tax Revolving Fund | 540,700 | 265,595 | 41,337 | 764,958 |
| Litter Environmental Reward | 191 | 497 | | 688 |
| Court Fund Payroll | 60 | 359,633 | 359,693 | - |
| Insurance Recovery | - | 31,754 | | 31,754 |
| North Road Project | - | 215,880 | 215,880 | - |
| Combined Total - Remaining Aggregate Funds | \$ 891,129 | \$ 1,409,461 | \$ 1,102,947 | \$ 1,197,643 |

COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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:

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 fee collections and disbursements as restricted by state statute.

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

County Assessor Revolving – accounts for fees collected by the assessor and disbursements are to maintain electronic databases and geographic systems.

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

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

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 are to operate and maintain an emergency telephone system (E-911).

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

Court Fund Payroll – accounts for funds collected by the Court Clerk and disbursed for payroll of the Court Clerk's employees.

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

North Road Project – accounts for funds received from the Comanche Tribe and expended to repair route number 7013.

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, 2017, and the related notes to the financial statement, which collectively comprises Comanche County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 2, 2018.

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, 2017, 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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 responses to be material weaknesses: 2017-1 and 2017-2.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017- 2.

We noted certain matters regarding statutory compliance that we reported to the management of Comanche County, which are included in Section 2 of the schedule of findings and responses contained in this report.

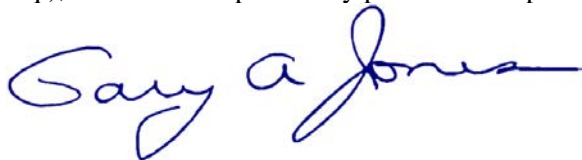
Comanche County's Responses to Findings

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.

A handwritten signature in blue ink, reading "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

July 2, 2018

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SECTION 1—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 2017-001 – Inadequate County-Wide Controls and Disaster Recovery Plans (Repeat Finding)

Condition: County-wide controls regarding Risk Assessment and Monitoring have not been designed. Also, Disaster Recovery Plans have not been designed over information systems used by District 1 and District 3 County Commissioners.

Cause of Condition: Policies and procedures have not been designed and implemented to address county-wide controls.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds. Additionally, 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 and 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. Each Office 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 will work towards assessing and identifying risks to design written county-wide controls and procedures.

County Commissioner District 1: We are in the process of preparing a Disaster Recovery Plan.

County Commissioner District 3: We are in the process of preparing 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.

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

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

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.

Further, according to the standards of the Information Systems Audit and Control Association (CobiT Delivery and Support 4), information services function management should ensure that a written Disaster Recovery Plan is documented.

Finding 2017-002 – Inadequate Internal Controls and Noncompliance Over the Sales Tax Disbursement Process (Repeat Finding)

Condition: Based on inquiry of County Officials, observation of the sales tax disbursement process, and the audit of twenty-two (22) sales tax disbursements, the following exception was noted:

- County sales tax collections are distributed directly to the Comanche County Fairgrounds, the Comanche County Emergency Management for the rural fire departments, and the Comanche County Industrial Development Authority, which resulted in these sales tax disbursements not being monitored to determine they were expended in accordance with the sales tax ballot.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with 68 O.S. § 1370 E and AG Opinion.

Effect of Condition: This condition resulted in noncompliance with state statute and AG Opinion, and could result in unrecorded transactions, misstated financials reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends the disbursement of County sales tax be expended in such a manner to provide assurance that disbursements are made in accordance with the purposes specified by the ballot as outlined by Title 68 O.S. § 1370E and AG Opinion.

Management Response:

Chairman of the BOCC: County management is amending the Comanche County Facilities Authority Trust Indenture to include Comanche County Emergency Management and Volunteer Fire Departments. We are satisfied that we have in place a system that ensures oversight, accuracy, and account of funds utilized by the Emergency Management and Volunteer Fire Departments, as well as, Comanche County Industrial Development Authority.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Auditor Response: The Board of County Commissioners is responsible to ensure that the sales tax proceeds are not comingled with other funds and are used exclusively for the purpose expressed in the ballot measure and resolution, including Emergency Management, rural fire departments and Comanche County Industrial Development Authority.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements.

Title 68 O.S. § 1370E, requires the sales tax collections be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Further, AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; 68 O.S. § 2011, § 1370; 19 O.S. Supp. 2013, § 339; 19 O.S. § 2011, § 345; *Cavin v. Bd. of County Comm'rs*, 1934 OK 245 ¶ 11, 33 P.2d 477, 479.

SECTION 2—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 2017-006 – Inadequate Internal Controls And Noncompliance Over County Health Department Appropriations (Repeat Finding)

Condition: The following deficiency was noted with regards to the appropriations for the County Health Department reported on the Estimate of Needs:

- The Excise Board approved appropriations for the County Health Department in the amount of \$2,210,516 with said appropriations available in the amount of \$3,257,585, that resulted in available funds in the amount of \$1,047,069 of the ending cash balance for fiscal year 2016 and estimated revenues for fiscal year 2017 not being appropriated as depicted below:

| | |
|-----------------------------------|---------------------|
| Ending Cash Balance FY16 | \$ 1,619,572 |
| Estimated Revenues | <u>1,638,013</u> |
| Total Available for Appropriation | <u>3,257,585</u> |
| Approved Appropriations | <u>2,210,516</u> |
| Shortage of Appropriations | <u>\$ 1,047,069</u> |

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Cause of Condition: Policies and procedures have not been designed and implemented to ensure appropriations to the County Health Department, as reported on the Estimate of Needs, are properly budgeted.

Effect of Condition: This condition could result in misappropriations of assets, unrecorded transactions, misstatements to the financial statement and did result in noncompliance to with state statute.

Recommendation: OSAI recommends County management ensure that detailed, accurate information is reported on all exhibits of the County Health Department Estimate of Needs to provide accurate appropriations and accounting of funds and to ensure that budgeted amounts comply with Title 68 O.S. § 3002(A).

Management Response:

Chairman of the BOCC: The BOCC will ensure appropriations are accurately calculated.

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. Internal controls should be designed to analyze and check accuracy and completeness. To help ensure proper accounting of funds, the duties of allocating and appropriating should be reviewed by County management.

Title 68 O.S. § 3002(A) states, "Notwithstanding the provisions of the School District Budget Act, each board of county commissioners and the board of education of each school district, shall, prior to October 1 of each year, make, in writing, a financial statement, showing the true fiscal condition of their respective political subdivisions as of the close of the previous fiscal year ended June 30th, and shall make a written itemized statement of estimated needs and probable income from all sources including ad valorem tax for the current fiscal year. Such financial statement shall be supported by schedules or exhibits showing, by classes, the amount of all receipts and disbursements, and shall be sworn to as being true and correct. The statement of estimated needs shall be itemized so as to show, by classes: first, the several amounts necessary for the current expenses of the political subdivision and each officer and department thereof as submitted in compliance with the provisions of Section 3004 of this title; second, the amount required by law to be provided for sinking fund purposes; third, the probable income that will be received from all sources, including interest income and ad valorem taxes; and shall be detailed in form and amount so as to disclose the several items for which the excise board is authorized and required, by this article, to approve estimates and make appropriations."



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

WWW.SAI.OK.GOV