



COMANCHE COUNTY

Financial Audit

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**COMANCHE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

July 28, 2020

TO THE CITIZENS OF
COMANCHE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Comanche County, Oklahoma for the fiscal year ended June 30, 2018. 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 that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**COMANCHE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 Smith

**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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FINANCIAL SECTION

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, 2018, 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 this 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, 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 statement 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, 2018, 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, 2018, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary 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 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 supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Comanche County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 27, 2020

REGULATORY BASIS FINANCIAL STATEMENT

COMANCHE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
County General Fund	\$ 3,434,063	\$ 9,389,746	\$ -	\$ -	\$ 9,128,814	\$ 3,694,995
County Highway Fund	3,384,433	5,679,172	-	-	6,143,535	2,920,070
County Health Department	1,981,760	2,043,087	-	-	1,666,648	2,358,199
Resale Property	950,085	658,408	-	-	819,550	788,943
Treasurer Mortgage Tax Certification Fee	4,575	17,300	-	-	14,474	7,401
County Clerk Lien Fee	51,387	34,994	-	-	35,281	51,100
County Clerk Records Preservation Fee	95,331	92,855	-	-	83,585	104,601
County Assessor Revolving	8,937	5,114	-	-	4,014	10,037
Sheriff Service Fee	106,143	284,948	-	-	319,223	71,868
Sheriff Sales Tax 2007	142,775	180,833	52,761	-	151,149	225,220
Sheriff Courthouse Security	9,340	49,848	-	-	20,241	38,947
Sheriff Grant Fund	16,385	-	-	-	9,110	7,275
Sheriff Insurance Recovery	76,568	11,436	-	52,761	35,188	55
Juvenile Detention General Cash Fund	222,955	1,523,015	-	-	1,496,977	248,993
Juvenile Bureau Federal IV E Fund	235,623	27,548	-	-	13,762	249,409
911 Emergency	90,599	72,686	-	-	57,500	105,785
Civil Defense	63,506	187,097	-	-	177,045	73,558
Home Finance Cash Fund	1,526,050	258,913	-	-	17,000	1,767,963
Fairgrounds Sales Tax 2007	20,567	262,543	-	-	262,009	21,101
County Use Tax Revolving Fund	764,958	353,199	-	-	13,353	1,104,804
Capital Improvement Sales Tax 2007	389,383	160,131	-	-	406,172	143,342
Jail Sales Tax	426,391	3,089,239	-	-	3,149,366	366,264
Industrial Development Sales Tax	58,071	741,515	-	-	739,940	59,646
County Bridge and Road Improvement 105	1,999,500	473,855	-	-	1,301,219	1,172,136
Litter Environmental Reward	688	200	-	-	770	118
Rural Fire Department Sales Tax	19,357	247,065	-	-	246,574	19,848
Insurance Recovery	31,754	-	-	-	31,754	-
Court Fund Payroll	-	393,270	-	-	393,270	-
County Line Road 7147	-	146,873	-	-	146,873	-
Covatine Road 4315	-	224,142	-	-	224,142	-
Sheriff Forfeiture	-	3,268	-	-	-	3,268
REAP Grant	-	45,000	-	-	-	45,000
Combined Total - All County Funds	\$ 16,111,184	\$ 26,657,300	\$ 52,761	\$ 52,761	\$ 27,108,538	\$ 15,659,946

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, 2018**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

Following are descriptions of 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.

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.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 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 revenue generated from process service fees, housing of prisoners' contracts, and courts fees. Proceeds are to be used for the lawful operation of the Sheriff's office, jail expenses, and courthouse security as directed by state statutes.

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

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

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.

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.

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

Civil Defense – accounts for the collection of state and local grant monies and disbursements are for emergency management purposes.

Home Finance Cash Fund – accounts for the collection of donations from the Home Finance Authority. Disbursements are made as designated by the Board of County Commissioners for the general operations of the County and maintenance of county facilities.

COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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

Jail Sales Tax – accounts for the collections of sales tax proceeds for the payment of bonds and operations of the county jail. After receipt of the sales tax, the sales tax proceeds are disbursed per lease agreement and operation maintenance contract 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 and Road Improvement Fund 105 – accounts for state receipts. Disbursements are for maintaining bridges and roads.

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

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.

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

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

County Line Road 7147 – accounts for funds received from the Comanche Tribe and expended to repair route number 7147.

Covatine Road 4315 – accounts for funds received from the Comanche Tribe and expended to repair route number 4315.

Sheriff Forfeiture – accounts for federal funds received from the Federal Emergency Management Agency (FEMA) on disaster 4274 for a vehicle damaged in the disaster.

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

REAP Grant – accounts for state grant money collected and disbursements are for the new fire station for Valley View Fire Department.

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 with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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

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

2. Ad Valorem Tax

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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 percent (.125%) sales tax extending from December 31, 2008, until December 31, 2015. The sales tax is for the purpose of funding capital improvements and operational costs of the Comanche County Jail, through the Comanche County Facilities Authority. These funds are accounted for in the Jail Sales Tax 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 set out in Resolution number 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. The remaining 1/8% will provide funding for the economic development efforts through the Comanche County Industrial Authority,

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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 \$205,851 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2018.

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 made the following transfer between cash funds:

- \$52,761 was transferred from the Sheriff Insurance Recovery fund to the Sheriff Sales Tax 2007 fund for the purpose of insurance reimbursement on the damage to equipment and the fund from which equipment was originally purchased, as approved by the BOCC.

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, 2018

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 3,434,052	\$ 3,434,063	\$ 11
Less: Prior Year Outstanding Warrants	(253,215)	(253,215)	-
Less: Prior Year Encumbrances	(169,184)	(139,282)	29,902
Beginning Cash Balances, Budgetary Basis	<u>3,011,653</u>	<u>3,041,566</u>	<u>29,913</u>
 Total Receipts, Budgetary Basis	 <u>6,639,796</u>	 <u>9,389,746</u>	 <u>2,749,950</u>
Total Expenditures, Budgetary Basis	<u>9,559,249</u>	<u>8,985,727</u>	<u>573,522</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ 92,200</u>	 3,445,585	 <u>\$ 3,353,385</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		11	
Add: Current Year Outstanding Warrants		15,646	
Add: Current Year Encumbrances		<u>233,753</u>	
Ending Cash Balance		<u>\$ 3,694,995</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, 2018

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,981,760	\$ 1,981,760	\$ -
Less: Prior Year Outstanding Warrants	(154,287)	(154,287)	-
Less: Prior Year Encumbrances	(75,389)	(14,371)	61,018
Beginning Cash Balances, Budgetary Basis	<u>1,752,084</u>	<u>1,813,102</u>	<u>61,018</u>
 Total Receipts, Budgetary Basis	 <u>1,816,745</u>	 <u>2,043,087</u>	 <u>226,342</u>
 Total Expenditures, Budgetary Basis	 <u>3,568,829</u>	 <u>1,856,345</u>	 <u>1,712,484</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 1,999,844	 <u>\$ 1,999,844</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		105,043	
Add: Current Year Outstanding Warrants		<u>253,312</u>	
Ending Cash Balance		<u>\$ 2,358,199</u>	

COMANCHE COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 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.

INTERNAL CONTROL AND COMPLIANCE SECTION

**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 Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Comanche County, Oklahoma, as of and for the year ended June 30, 2018, 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 27, 2020.

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, 2018, 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.

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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2018-001 and 2018-002.

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 2018-002.

Comanche County's Response to Findings

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

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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 27, 2020

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-001 – Lack of County-Wide Controls (Repeat Finding 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Risk Assessment and Monitoring have not been designed.

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

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls and procedures.

Criteria: The United States Government Accountability Office’s (*Standards for Internal Control in the Federal Government*) (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

Definition of Internal Control

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

Components, Principles, and Attributes

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**Finding 2018-002 – Lack of Internal Controls and Noncompliance Over Sales Tax Disbursements
(Repeat Finding 2015-002, 2016-002, 2017-002)**

Condition: Based on inquiry of County Officials, observation of the sales tax disbursement process, and the audit of twelve (12) sales tax disbursements, the following exceptions were 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 68 O.S. § 1370E and AG Opinion.

Management Response:

Chairman of the Board of County Commissioners: We will work to clarify expenditures of sales tax funds.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Criteria: The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Further, GAO Standards – Principle 6 – Define Objectives and Risk Tolerances - 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

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.

No Matters Were Reported.



Cindy Byrd, CPA | State Auditor & Inspector

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