

COUNTY AUDIT

COMANCHE COUNTY

For the fiscal year ended June 30, 2011



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, 2011**

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Oklahoma State Auditor & Inspector

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

September 10, 2013

TO THE CITIZENS OF
COMANCHE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Comanche County, Oklahoma for the fiscal year ended June 30, 2011. 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".

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

**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**COMANCHE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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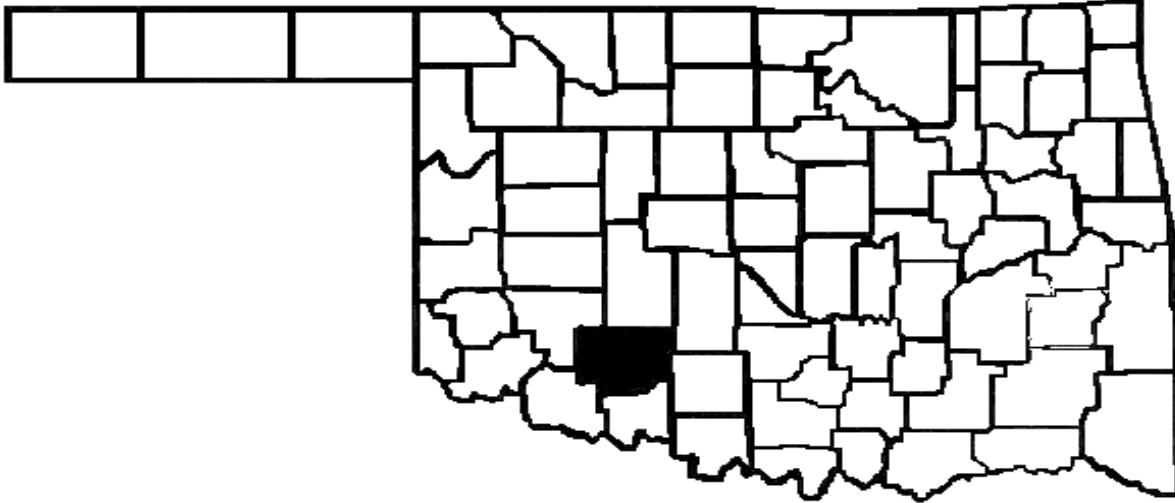
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INTRODUCTORY SECTION
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**COMANCHE COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**



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 Phillip 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 50 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 Area Vocational-Technical School. 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 Wichita’s where the annual Wichita Mountains Easter Sunrise Service is presented.

For more information, call the county clerk’s office at 580-355-5214.

County Seat – Lawton

Area – 1,083.82 Square Miles

County Population – 113,228
(2009 est.)

Farms – 1,126

Land in Farms – 497,502 Acres

Primary Source: Oklahoma Almanac 2011-2012

**COMANCHE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Board of County Commissioners

District 1 – Gail Turner
District 2 – Ron Kirby
District 3 – Donald Hawthorne

County Assessor

Richard Strickland

County Clerk

Earlene Shriver

County Sheriff

Kenny Stradley

County Treasurer

Barbara Burk

Court Clerk

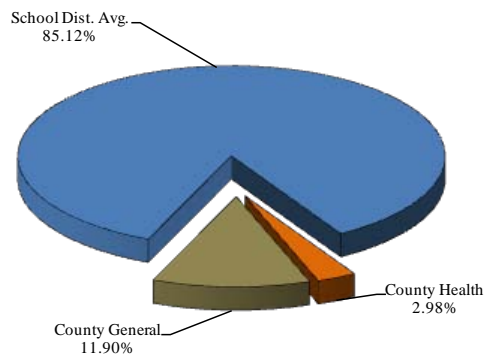
Robert Morales

District Attorney

Fred C. Smith

**COMANCHE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

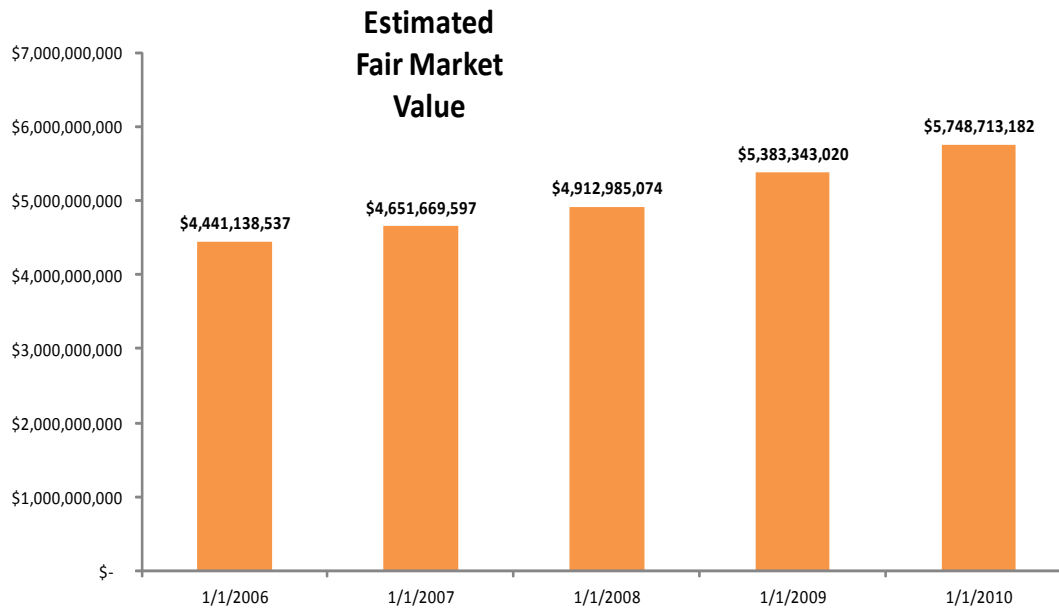
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Skg.	Career Tech	Common	EMS	Total
County General	10.23									
County Health	2.56	Cache	I-1-1	35.67	5.10	27.57	14.25	4.09		86.68
		Indiahoma	I-2-1	37.44	5.35	12.14	14.25	4.09		73.27
		Sterling	I-3-1	37.85	5.41	12.46	14.25	4.09		74.06
		Geronimo	I-4-1	36.80	5.26	24.46	14.25	4.09		84.86
		Lawton	I-8-1	35.67	5.10	7.83	14.25	4.09		66.94
		Fletcher	I-9-1	36.35	5.19	33.11	14.25	4.09		92.99
		Elgin	I-16-1	36.74	5.25	15.07	14.25	4.09		75.40
		Flower Mound	D-48-1	35.55	5.08	-	14.25	4.09		58.97
		Bishop	D-49-1	35.44	5.06	14.28	14.25	4.09		73.12
		Chattanooga	I-132-1	37.17	5.31	17.00	14.25	4.09		77.82
		Cotton	J-I-1	37.71	5.39	-	12.70	4.09		59.89
		Caddo	J-56	38.22	5.46	9.89	11.89	4.09		69.55
		Caddo	J-I-160	35.00	5.00	12.93	11.89	4.09		68.91
		Caddo	J-I-64	35.00	5.00	20.91	11.89	4.09		76.89
		Kiowa	J-I-4	37.97	5.42	-	14.25	4.09		61.73
		Kiowa	J-I-3	36.72	5.25	-	11.89	4.09	3.15	61.10
		Stephens	J-I-21	39.24	5.61	14.39	12.70	4.09		76.03
		Stephens	J-I-34	36.92	5.27	20.30	12.70	4.09		79.28

COMANCHE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
TREND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

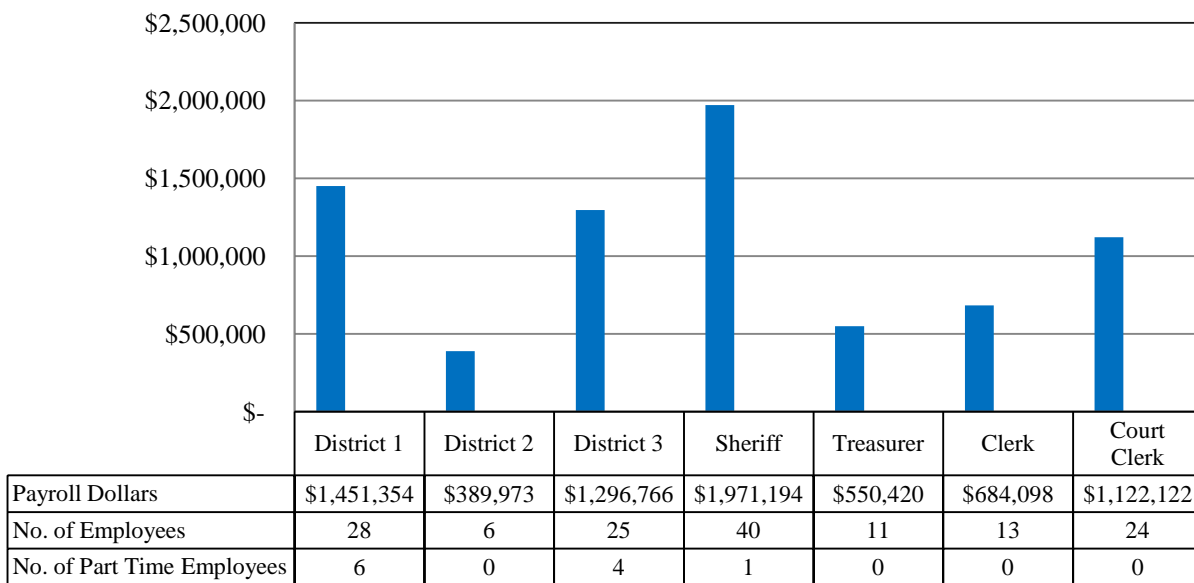
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Veterans Exemption	Net Value	Estimated Fair Market Value
1/1/2010	\$ 92,242,715	\$ 44,854,680	\$ 532,403,704	\$ 15,744,401	\$ 23,351,496	\$ 630,405,202	\$ 5,748,713,182
1/1/2009	\$ 81,248,801	\$ 42,599,281	\$ 503,403,901	\$ 15,829,706	\$ 21,663,238	\$ 589,759,039	\$ 5,383,343,020
1/1/2008	\$ 79,709,622	\$ 41,955,043	\$ 452,344,996	\$ 15,814,283	\$ -	\$ 558,195,378	\$ 4,912,985,074
1/1/2007	\$ 79,350,222	\$ 44,683,552	\$ 421,963,047	\$ 15,786,340	\$ -	\$ 530,210,481	\$ 4,651,669,597
1/1/2006	\$ 74,296,530	\$ 49,386,888	\$ 401,016,348	\$ 29,879,770	\$ -	\$ 494,819,996	\$ 4,441,138,537



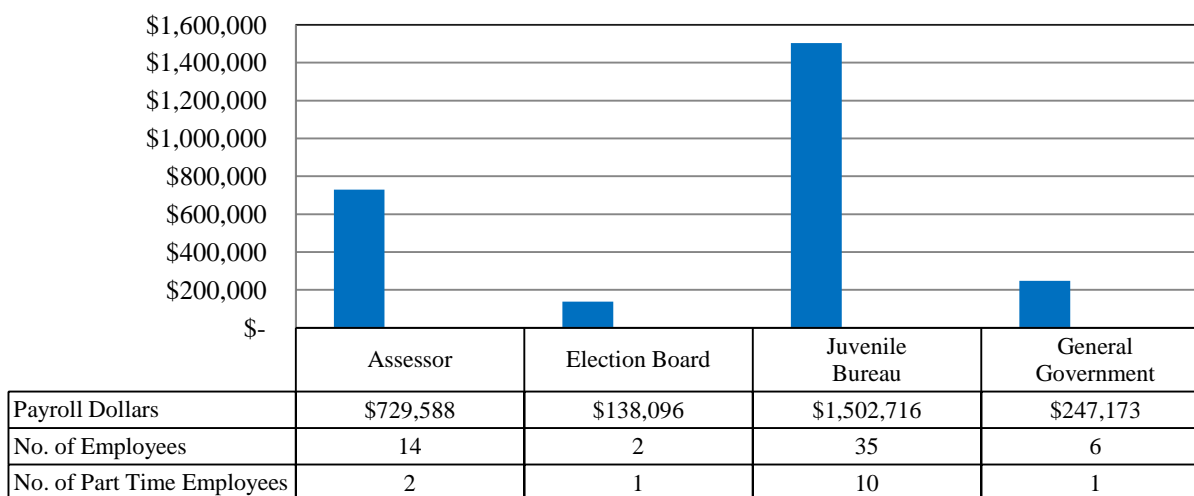
**COMANCHE COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2011.

Payroll Expenditures by Department



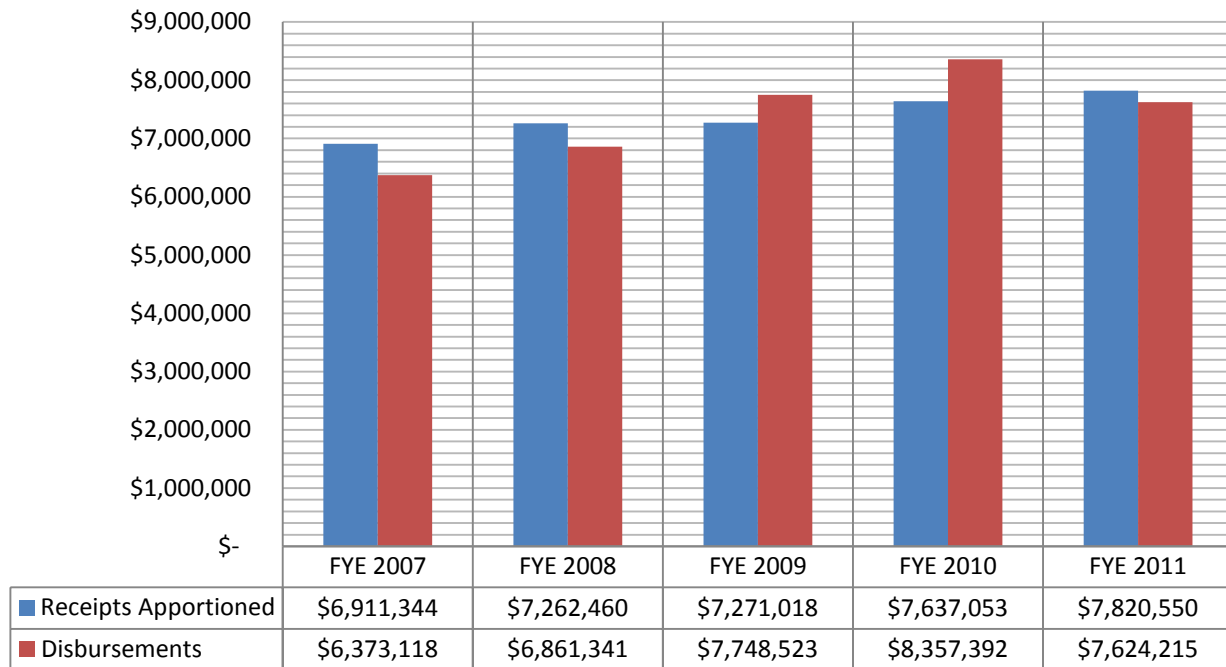
Payroll Expenditures by Department



**COMANCHE COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

County General Fund

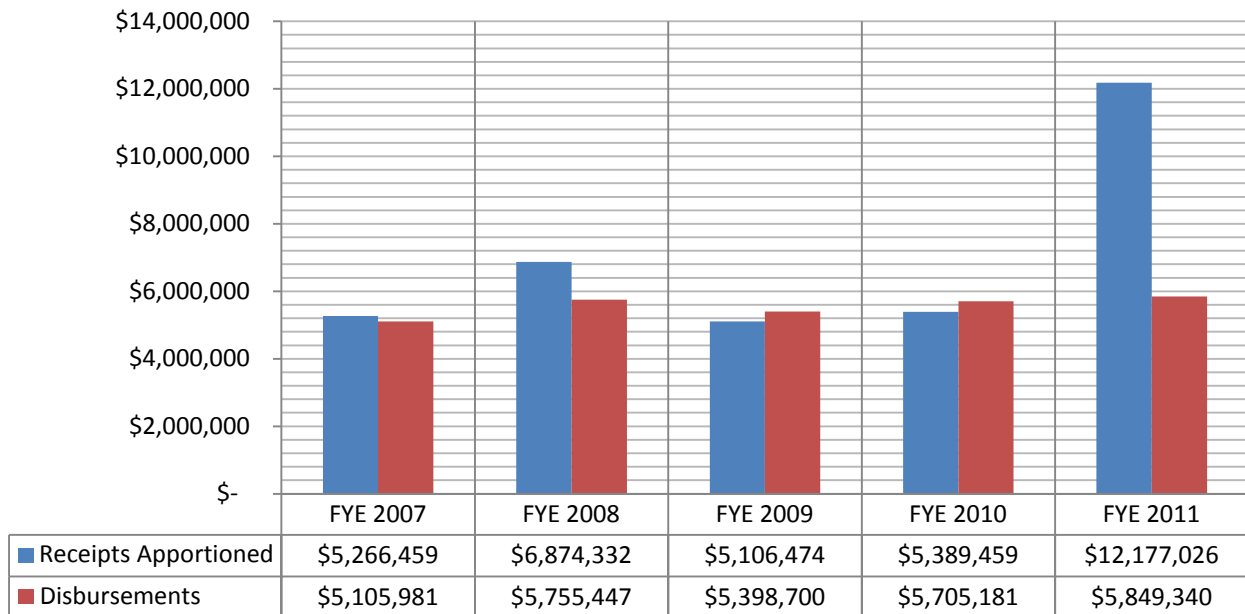
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also 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, 2011**

County Highway Fund

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



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
COMANCHE COUNTY, OKLAHOMA

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, 2011, listed in the table of contents as the financial statement. This financial statement is the responsibility of Comanche County's management. Our responsibility is to express an opinion on the combined total—all county funds 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Comanche County as of June 30, 2011, or changes in its financial position for the year then ended.

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, 2011, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2013, 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. The remaining 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. Such supplementary information has been subjected to the auditing procedures applied in the audit of the combined total—all county funds on the regulatory basis Statement of Receipts, Disbursements and Changes in Cash Balances and, in our opinion, is fairly stated, in all material respects, in relation to the combined total—all county funds. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, flowing script.

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

September 9, 2013

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, 2011

	Beginning Cash Balances July 1, 2010	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2011
Combining Information:				
Major Funds:				
County General Fund	\$ 2,869,823	\$ 7,820,550	\$ 7,624,215	\$ 3,066,158
County Highway Cash	2,336,927	12,177,026	5,849,340	8,664,613
County Health Department	1,393,954	1,634,601	1,317,796	1,710,759
Sheriff Sales Tax 2007	100,444	121,378	61,200	160,622
Fairgrounds Sales Tax 2007	-	227,281	208,961	18,320
Capital Improvement Sales Tax 2007	266,923	136,823	2,720	401,026
Jail Sales Tax (Facilities Authority)	915,393	1,516,213	1,695,543	736,063
Industrial Development Sales Tax	69,282	818,213	821,540	65,955
Rural Fire Department Sales Tax	17,962	212,125	230,087	-
County Bridge & Road Improvement Fund 105	-	1,366,960	247,358	1,119,602
Juvenile Detention General Cash Fund	492,020	1,352,035	1,364,305	479,750
Remaining Aggregate Funds	5,435,634	2,918,221	6,020,493	2,333,362
Combined Total - All County Funds	\$ 13,898,362	\$ 30,301,426	\$ 25,443,558	\$ 18,756,230

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, 2011**

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 major county funds included as combining information within the financial statement:

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

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

County Health Department – accounts for monies collected on behalf of the County Health Department from ad valorem taxes and state and local revenues. Disbursements are for the operation of the County Health Department.

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

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Capital Improvement Sales Tax 2007 – accounts for the collection of sales tax monies and is disbursed for the purpose of capital improvements of the courthouse.

Jail Sales Tax (Facilities Authority) – accounts for the collections of sales tax proceeds for the payment of bond issues held by a local bank 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 bank where indebtedness is held for the Comanche County Facilities Authority.

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

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

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

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

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 on a regulatory basis. 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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

and object. To increase or decrease the budget by fund requires approval by the County Excise Board. These funds are accounted for in the Jail Sales Tax Facilities Authority fund.

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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, 2011

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,869,823	\$ 2,869,823	\$ -
Less: Prior Year Outstanding Warrants	(78,840)	(78,840)	-
Less: Prior Year Encumbrances	(134,583)	(121,399)	13,184
Beginning Cash Balances, Budgetary Basis	2,656,400	2,669,584	13,184
Receipts:			
Ad Valorem Taxes	5,862,768	6,264,766	401,998
Charges for Services	-	426,321	426,321
Intergovernmental Revenues	9,645	1,101,989	1,092,344
Miscellaneous Revenues	-	27,474	27,474
Total Receipts, Budgetary Basis	5,872,413	7,820,550	1,948,137
Expenditures:			
County Sheriff	1,862,478	1,838,628	23,850
County Treasurer	339,468	331,092	8,376
County Commissioners	432,191	414,115	18,076
OSU Extension	135,704	94,282	41,422
County Clerk	629,248	626,158	3,090
Court Clerk	712,298	702,295	10,003
County Assessor	500,796	451,719	49,077
Revaluation of Real Property	600,923	553,449	47,474
Juvenile Shelter Bureau	461,527	458,151	3,376
General Government	811,490	651,517	159,973
Excise-Equalization Board	8,100	6,148	1,952
County Election Board	159,766	154,482	5,284
Charity	2,000	1,400	600
Library	50,000	50,000	-
Juvenile Detention Center	234,063	234,063	-
911 Emergency	381,751	381,751	-
Contingencies	601,167	306,544	294,623
Audit Budget	122,016	82,721	39,295
Free Fair	326,126	326,126	-
County Hospital	157,601	157,601	-
Provision for interest on warrants	100	-	100
Total Expenditures, Budgetary Basis	8,528,813	7,822,242	706,571
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	2,667,892	\$ 2,667,892
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Reserves		376,978	
Add: Current Year Outstanding Warrants		21,288	
Ending Cash Balance		\$ 3,066,158	

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, 2011

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,393,954	\$ 1,393,954	\$ -
Less: Prior Year Outstanding Warrants	(122,588)	(122,588)	-
Less: Prior Year Encumbrances	(162,641)	(131,191)	31,450
Beginning Cash Balances, Budgetary Basis	1,108,725	1,140,175	31,450
Receipts:			
Ad Valorem Taxes	1,467,125	1,567,722	100,597
Charges for Services	-	64,276	64,276
Intergovernmental	57,232	2,603	(54,629)
Total Receipts, Budgetary Basis	1,524,357	1,634,601	110,244
Expenditures:			
Health and Welfare	2,633,082	1,289,660	1,343,422
Total Expenditures, Budgetary Basis	2,633,082	1,289,660	1,343,422
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	1,485,116	\$ 1,485,116
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		138,409	
Add: Current Year Outstanding Warrants		87,234	
Ending Cash Balance		\$ 1,710,759	

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, 2011

	Beginning Cash Balances July 1, 2010	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2011
Remaining Aggregate Funds:				
Resale Property	\$ 191,102	\$ 334,897	\$ 348,001	\$ 177,998
Treasurer Mortgage Tax Certification Fee	16,422	23,590	27,316	12,696
County Clerk Lien Fee	50,382	30,868	38,560	42,690
County Clerk Records Preservation Fee	71,265	106,050	113,793	63,522
Assessor Visual Inspection	10,212	3,366	5,860	7,718
Sheriff Service Fee	253,516	292,108	377,954	167,670
Sheriff Courthouse Security	7,479	27,071	22,821	11,729
Sheriff Grant Fund	11,377	81,555	75,094	17,838
Sheriff Insurance Recovery	17,310	41,195	19,952	38,553
Juvenile Bureau Federal IV E Fund	146,503	41,890	26,101	162,292
911 Emergency	161,823	86,144	72,476	175,491
Civil Defense	29,289	121,562	120,210	30,641
Home Finance Cash Fund	3,187,582	179,424	2,400,270	966,736
Fairgrounds Use Tax Revolving	8,718	11	8,727	2
County Use Tax Revolving Fund	122,461	231,951	62,295	292,117
OK Department of Transportation - Bike Trail	114,283	48,222	151,090	11,415
JABG - GANG - 1 Grant	10,211	85,722	85,745	10,188
Meers Porter Hill Fire REAP	-	30,000	-	30,000
County Film Library	1,046	-	-	1,046
Comanche County Courthouse Café	29,921	91,393	89,669	31,645
Hospital Lease Revenue Fund	994,435	1,060,902	1,974,559	80,778
Litter Environmental Reward	297	300	-	597
Combined Total - Remaining Aggregate Funds	\$ 5,435,634	\$ 2,918,221	\$ 6,020,493	\$ 2,333,362

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. Budgetary Schedules

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

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

2. Remaining County Funds

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

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

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

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

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

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

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

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

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

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

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 Use Tax Revolving – accounts for use tax collections from the Oklahoma Tax Commission. This amount is apportioned to the fairgrounds for general operations.

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

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

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

Meers Porter Hill Fire REAP – accounts for the collection of grant monies to be disbursed for the construction of a fire station.

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

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

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

**COMANCHE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS

COMANCHE COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Child Nutrition Program:			
School Breakfast Program	10.553	N/A	\$ 13,614
National School Lunch Program	10.555	N/A	21,424
Total U.S. Department of Agriculture			<u>35,038</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	<u>133,138</u>
Total U.S. Department of Interior			<u>133,138</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Office of Juvenile Affairs:			
Juvenile Accountability Block Grant	16.523	N/A	91,645
Passed Through the State Department of Human Services:			
Title V Delinquency Prevention Program	16.548	N/A	27,645
Passed Through the District Attorney's Council:			
Local Law Enforcement Block Grants Program	16.592	N/A	40,677
Passed Through the City of Lawton Police Department:			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	N/A	<u>32,617</u>
Total U.S. Department of Justice			<u>192,584</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Transportation:			
State and Community Highway Safety	20.600	N/A	<u>3,944</u>
Total U.S. Department of Transportation			<u>3,944</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1883	1,603,124
Passed Through Oklahoma Department of Homeland Security:			
State Homeland Security Program (SHSP)	97.073	N/A	<u>4,600</u>
Total U.S. Department of Homeland Security			<u>1,607,724</u>
Total Expenditures of Federal Awards			<u>\$ 1,972,428</u>

COMANCHE COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Basis of Presentation

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

SCHEDULE OF EXPENDITURES OF STATE AWARDS

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>State Grantor/Grant Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
STATE OFFICE OF JUVENILE AFFAIRS		
Regional Secure Detention Contract	4009013461	\$ 901,441
Total Expenditures of State Awards		<u>\$ 901,441</u>

**COMANCHE COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Basis of Presentation

The schedule of expenditures of state awards includes the state grant activity of Comanche County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with provisions of the contract between Comanche county and the State Office of Juvenile Affairs.

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

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 the combined totals—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, 2011, which 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 September 9, 2013. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with 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, 2011, on the basis of accounting prescribed by Oklahoma state law, described in Note 1. 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.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs to be material weaknesses in internal control over financial reporting. 2011-1, 2011-2, 2011-5, and 2011-8.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, 2011-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comanche County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2011-3.

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

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

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

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

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

September 9, 2013



Oklahoma State Auditor & Inspector

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

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

TO THE OFFICERS OF
COMANCHE COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Comanche County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Comanche County's major federal program for the year ended June 30, 2011. Comanche County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Comanche County's management. Our responsibility is to express an opinion on Comanche County's compliance based on our audit.

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

In our opinion, Comanche County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-9, 2011-10, and 2011-16 to be material weaknesses.

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

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

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

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized, cursive script.

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

September 9, 2013

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SECTION 1—Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

CFDA Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between

Type A and Type B programs: \$300,000

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

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2011-1—Inadequate County-Wide Controls and Disaster Recovery Plans

Condition: County-wide controls regarding Risk Management and Monitoring have not been designed. Also, the offices of County Clerk, County Assessor, and Court Clerk do not have a Disaster Recovery Plan in place for the information systems.

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

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

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

Management Response:

BOCC: We will plan a discussion to address procedures regarding risk management and monitoring procedures to assess the quality of performance by having periodic meetings to ensure that our documentation is accurate and complete.

County Clerk: We will, within this upcoming year, compile a Disaster Recovery Plan.

County Assessor: The employee that the auditor(s) questioned on this observance was not aware of our procedures. Our procedures for this observance are as follows:

- Data backed-up redundantly in five places; two locations are on this site and the other three are offsite. All can recreate the database.
- Passwords are changed every ninety days.
- Remote access is limited.
- User rights in the applications are managed by the server based on the level of the account and by passwords for administrative functions.

No change in procedure is anticipated.

Auditor Response: The County Assessor does not have a written formal Disaster Recovery Plan in place for the information system used within the office.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Court Clerk: After reviewing the OSAI website, regarding the Disaster Recovery Plan, the office of the Comanche County Court Clerk will adhere to a plan and upon finalizing the plan, a copy will be filed in the Comanche County Clerk's Office.

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.

Finding 2011-2—Inadequate Segregation of Duties Over the Collections Process

Condition: The following weaknesses were noted regarding the collections process:

- The duties of receipting, depositing, and reconciling are not adequately segregated within the County Treasurer's office which is the office primarily responsible for safeguarding collections.
- Regarding Official Depository collections, the duties of receipting, depositing, and reconciling are not adequately segregated within the offices of County Treasurer, County Clerk, County Sheriff, and County Assessor.

Cause of Condition: Procedures have not been designed and implemented with regard to segregating the duties over all aspects of the receipting process and cash balances process due to officials being unaware of the need for such procedures.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that one employee is unable to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

**COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Management Response:

County Treasurer: We have and will continue to make every effort to segregate these duties as your office has recommended. There will be times when we might experience shortage in personnel due to illness or scheduled annual leave that will make complete segregation a significant challenge but we will strive to segregate to the best of our ability.

There are two deputies in the bookkeeping department; the First Deputy and a Third Deputy. They both prepare daily reports, the general ledger, and the apportionment. One deputy is not solely responsible for these reports. They are both involved in all areas, every day. I will have them initial and date each day's work that they prepare.

We have certain deputies throughout the office that normally take tax payments, mortgage tax payments, and miscellaneous revenue payments. However, if a deputy that normally receipts these payments is not available, occasionally one of the deputies that are responsible for the deposits has to fill in. This is not an everyday occurrence and we will try to place a deputy in these positions who does not do the bank deposits.

As Treasurer, I do the bank statement reconciliations for all accounts, excluding the Official Depository account. However, I do not enter any of the receipting in the office, nor create any of the daily reports, general ledger, or the apportionment. When I enter the reconciliations on the Treasurer's report, there is no other information that has to be entered due to the report being compiled from the month's daily collections and debits. The Official Depository reconciliation is basically performed everyday and compiled at the end of each month by my Official Depository Deputy. I enter this information on the Treasurer's report, at which time I review her reconciliation of that account. In compliance with your recommendation, I will have one of my deputies who does not prepare deposits or the daily reporting to review my reconciliations and initial and date.

We have implemented a "Mail Log" at the present time, however, this will be extremely difficult to maintain and post all mail during our busy tax season. I am going to request another deputy for the new fiscal year in order to comply with your recommendation as this will result in a full-time job based on the bulk of our mail. This person will be responsible for opening all mail, logging it, and then giving it to the front office clerks to receipt the payments.

We balance with the County Clerk every month on all accounts; however, we have not always initialed and dated the balance sheets. We have implemented this procedure to be performed at the present time. We have implemented a new policy for the official depository. The officers present their deposits to another deputy to be counted and balanced. This deputy then gives the deposit to the Depository Clerk to be entered into the computer. After all deposits are entered and balanced, the Depository Clerk prepares the deposit ticket and gives the deposit to the Second Deputy to verify it is correct. The deposit is then given to another deputy to take to the bank. There are certain reports that are run to verify balances on the deposits which are put in the daily jacket to be included in the daily report along with the officers deposit tickets. Each day is reconciled with the bank account and also reconciled at the month's end with the officers' account balances. The Depository Clerk then prepares the bank reconciliation to be entered on the Treasurer's report by the Treasurer.

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County Clerk: Regarding the Official Depository collections, the designated employee who performs the duties of balancing the cash drawer, preparing the deposit slip, and performing the monthly reconciliation will no longer have access to the cash drawer and issue receipts for the purpose of ensuring proper internal controls. A separate employee will deliver the deposit to the Treasurer on a daily basis. We are also making a change that the employee who receives the mail from the postal service, will no longer be the same person that opens it and reviews and then disburses to be processed.

County Assessor: The process has been changed with the three tasks of mail opening, receipt creations and deposit preparation. Now the three functions are separated daily and individually rotated between four to five staff people with no single staff person addressing all of these responsibilities. In the prior seven months of 2012, this office handled 28 items totaling \$1,580.00. This is an average of four items per month at \$56.00 per item.

County Sheriff: Segregation of duties has been accomplished by not having one person receive money, make out deposit slips, and deposit money with the County Treasurer. Without this segregation there could be significant leakage of funds. You have addressed the fact of no cash drawer as we do not take in any cash, because funds received are in the form of money orders, certified checks and/or funds from the state in the form of a warrant.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Finding 2011-3—Inadequate Internal Controls and Noncompliance Over Pledged Collateral

Condition: Based upon inquiry of the County Treasurer' staff, and observation of records, we noted the following:

- Pledged collateral amounts are not monitored to daily bank balances to ensure that county funds are adequately secured.
- County funds were not adequately secured with pledged collateral at one financial institution for two of the twelve days tested for the fiscal year. These instances are as follows:
 - On January 5, 2011, county funds were under collateralized in the amount of \$1,566,846.70.
 - On April 4, 2011, county funds were under collateralized in the amount of \$493,151.90.

Cause of Condition: Procedures to monitor pledged collateral have not been designed and implemented due to the County Treasurer being unaware of a need for such daily procedures.

Effect of Condition: Failure to monitor pledged collateral amounts to daily bank balances resulted in unsecured county funds and could result in the possible loss of county funds.

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

Management Response:

County Treasurer: We have setup sweep accounts again for all the Treasurer's bank accounts to reduce the need for additional collateral. I will verify bank account balances daily to ensure the proper collateral is in place. The months that are reported under collateralized were during heavy collection time and I was in contact with the bank during that time ensuring the collateral was there; however, the reports that I receive are only issued after the end of the month.

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

Finding 2011-5—Inadequate Controls Over the Disbursements Process

Condition: We noted the following weaknesses regarding the disbursements process:

- County personnel who are not the official designated requisitioning officers are allowed to make purchases on behalf of the County.
- The Commissioner's Secretary is the custodian of the signatures stamps of the County Commissioners. After Board approval of payment for purchase orders, the secretary stamps the signatures of the County Commissioners on the purchase orders as "Approval by Governing Board."
- One County Clerk deputy is the custodian of the signature stamp of the Chairman of the Board of County Commissioners. This deputy stamps the signature on the warrants issued for payment.
- The duties of processing payroll are not adequately segregated. The Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares OPERS reports and state and federal tax reports. The Payroll Clerk is also responsible for logging onto the financial institution website and initiating the direct deposit process.

Cause of Condition: Procedures with regard to segregating the duties over the purchasing processes and payroll processes have not been designed due to the officials being unaware for such procedures.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends that only the official requisitioning officers be allowed to requisition goods and/or services. Signature stamps should be maintained in a secure location and only

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used by the person to whom the stamp belongs. Officials who utilize signature stamps should ensure that signature stamps are adequately safeguarded from unauthorized use.

OSAI recommends the following key accounting functions of the payroll process be adequately segregated:

- Posting new hires and/or making payroll changes to the payroll system.
- Access to personnel files.
- Performing the direct deposit process.
- Preparing OPERS reports and state and federal tax reports.

Further, OSAI recommends county officials implement procedures to ensure that purchases comply with 19 O.S. § 1500-1505.

Management Response:

County Clerk: Comanche County is of significant size and we currently do not have the workforce to make all purchases for all offices. We offer to assist any official or department with ordering. After the finding was brought to our attention regarding the signature stamps, it was also further discussed with the Commissioner Secretary to bring it to the Board's attention.

The signature stamp of the Chairman of the Board, which the deputy stamps the signature on the warrants issued for payment is secured in a locked cabinet. Also, we no longer utilize the signature stamp, since we have had the signature electronically scanned into our software and it requires a code to enable it to be printed on the warrants.

The Payroll Clerk and bookkeeping employee are now segregating the duties regarding enrolling new hires, making payroll changes, run verification reports and the OPERS reports. We are implementing a process that the bookkeeping employee will verify the payroll report after it is compiled. The bookkeeping employee will also verify that the new hire information is correctly input. The bookkeeping employee will be notified by the Payroll Clerk if changes are made and will date and sign the payroll change form as well and file in the personnel files. The bookkeeping employee will also review the verification reports and the OPERS report and sign the payroll affidavit along with the County Clerk, to ensure it is correct. As for the state and federal reports, the bookkeeping employee compiles and electronically files these reports. The County Clerk will sign that it has been reviewed.

The portion of payroll which requires initializing the payment through direct deposit is a combined verification between the Payroll Clerk and Treasurer and also the Payroll Clerk and County Clerk and in the future, such process will have supporting documentation.

County Treasurer: We have always verified the amount of payroll direct deposits to the bank information and we mark the payroll direct deposits paid in the computer in the appropriation ledger. Also, the payroll has to be approved by the County Clerk before they can even be processed. Our online banking is setup with dual control on all transactions. In order to comply with your recommendations, we

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will implement a process of signing and dating documents from our office and from the County Clerk's office. We do not hire part time employees.

BOCC: The purchase orders were not signed by the Board when they were brought out of the meeting, but it clearly defines in the minutes that these purchase orders were approved by the Board of County Commissioners. The signature stamps are safeguarded by the Central District Deputy Commissioner and only used under her direct supervision. In the future, we will try to be more observant to the purchase orders being signed.

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 and/or transactions. To help ensure a proper account of funds, the duties of processing, authorizing, and distribution should be segregated. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

Finding 2011-8— Inadequate Internal Controls and Noncompliance Over the Apportionment and Disbursement of Sales Tax

Condition: Upon inquiry of the County Treasurer and staff, observation of records and tests, we determined, there is no recalculation of the apportionment of sales tax to ensure accurate apportioning of sales tax collections. Further, sales tax collections for some entities are not being expended in a revolving fund of the County. The funds are being remitted to the entities and expended without the oversight of the Board of County Commissioners.

Cause of Condition: Management was unaware that a recalculation of the apportionment of sales tax was necessary. Further, the County was unaware that expenditures of sales tax collections should be made through the County and in accordance with the County Purchasing Act.

Effect of Condition: These conditions result in Comanche County acting as a "pass-through agency" for sales tax collections and being in violation of 68 O.S. § 1370E. This condition also results in various governmental entities expending sales tax collections without Board of County Commissioner approval from Comanche County.

Recommendation: OSAI recommends an employee recalculate the apportionment of sales tax collections that is presented for appropriation by the County Treasurer to the County Clerk. The documentation should provide evidence of who performed the recalculation and the date of the review. Further, OSAI recommends that all expenditures of sales tax funds be made through Comanche County following the County Purchasing Act and in accordance with 68 O.S. § 1370E to ensure expenditures of sales tax collections are used only for the purpose for which such sales tax was designated.

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Management Response:

County Treasurer: The Treasurer's First Deputy is responsible for retrieving the amount of sales tax collected for our county. She appropriates the amount received into the percentages according to Section 4 of Resolution No. 2-01-07 passed by the Comanche County Commissioners on February 1, 2007.

After making the miscellaneous receipt and issuing the appropriations forms for the County Clerk, she also gives a copy of the receipt to the Commissioners Secretary for her records. We feel her work is reviewed by other offices but to comply with your recommendation we will have another office sign and date their copy of the receipt they receive from her verifying they agree with her calculations.

BOCC: The Board of County Commissioners did not respond to this finding.

Criteria: Title 68 O.S. § 1370E states in part, "...the proceeds of any sales tax levied by a county shall be deposited in the general revenue or sales tax revolving fund of the county and shall be used only for the purpose for which such sales tax was designated."

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

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

Finding 2011-9—Schedule of Expenditures of Federal Awards – FEMA (Repeat Finding)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD NUMBER: 1883

FEDERAL AWARD YEAR: 2010

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

QUESTIONED COSTS: \$-0-

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

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Cause of Condition: Procedures have not been designed and implemented with regards to reporting federal grant expenditures on the Schedule of Expenditures of Federal Awards due to management being unaware of the need for such procedures.

Effect of Condition: This condition could result in a misstatement of the Schedule of Expenditures of Federal Awards.

Recommendation: OSAI recommends Comanche County have a policy for handling all federal grants awarded to the County. These policies could incorporate by reference applicable federal regulations to be followed, as well as, the appropriate policy for the application, receipt, and expenditure of federal funds. OSAI also recommends that amounts reported on the Schedule of Expenditures of Federal Awards be reconciled to accounting records.

Management Response:

BOCC: We have reviewed Circular A-133 Subpart C, Circular A-133 Supplement as it pertains to Large Project and the Matrix of Compliance for 97.036. We firmly believe we comply with these requirements. In each district, there is a Road Foreman that directs the work as described in each respective project worksheet and a purchasing agent that assures the materials used on a particular project worksheet is properly charged to that account and a receiving officer confirms that the materials received are those ordered and used on the FEMA project. In addition, we have a separate individual, who is independent of the others, that tracks employees work, equipment and materials used on each project worksheet to ensure it is within the scope of the work and that it is an allowed activity and cost. This person provides feedback to the Road Foreman as to what percent the project worksheet is completed, funds expended, and monitors the time period in which the funds are to be used. This person also makes on-site inspections and in many cases, takes before and after pictures of work completed. FEMA's Emergency Management Mission Integrated Environment (EMMIE) is used to assure compliance. This person prepares quarterly reports as required by FEMA and OEM which are reviewed and approved by the respective County Commissioner.

Auditor Response: The County's Schedule of Expenditures of Federal Awards submitted to OSAI was overstated in the amount of \$288,643.76. Internal controls have not been designed and implemented to accurately report federal expenditures related to Disaster Grants.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, an accurate record of federal expenditures should be maintained.

OMB A-133, Subpart C, §____.300 reads as follows:

Subpart C—Auditees

§____.300 Auditee responsibilities.

The auditee shall:

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

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provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §____.310.

Additionally, FEMA Public Assistance Guide; Chapter 5, page 137, Project Management, Record Keeping states in part:

It is critical that the applicant establish and maintain accurate records of events and expenditures related to disaster recovery work. This information should include the completed project worksheet; completed Special Considerations Questions form; estimated and actual costs; force account labor; force account equipment, materials, and purchases; photographs of damage, work underway, and work completed; insurance information; environmental and/or historic alternatives and hazard mitigation opportunities considered; environmental review documents; receipt and disbursement documents; and records of donated goods and services, if any.

Finding 2011-10—Inadequate Internal Controls Over Major Federal Programs – FEMA

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD NUMBER: 1883

FEDERAL AWARD YEAR: 2010

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

QUESTIONED COSTS: \$-0-

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

Cause of Condition: Internal controls have not been designed and implemented with regards to ensuring compliance requirements of federal grants are met by the County due to management being unaware of the need for such internal controls.

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

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

Management Response:

BOCC: We strongly disagree with this finding. The County strongly makes effort to comply with any and all federal requirements when accepting FEMA funds and due to the severity of the disasters, it increases the work load of the staff significantly and the County will continue to make efforts to adjust within its financial capabilities.

Auditor Response: The County's Schedule of Expenditures of Federal Awards submitted to OSAI was overstated in the amount of \$288,643.76. Internal controls have not been designed and implemented to accurately report federal expenditures related to Disaster Grants.

Further, there was no evidence that expenditures related to Disaster Grants were monitored or reviewed to ensure compliance with grant requirements.

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

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

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

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

Finding 2011-16—Inadequate County-Wide Controls Over Major Federal Program - FEMA

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD NUMBER: 1883

FEDERAL AWARD YEAR: 2010

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

QUESTIONED COSTS: \$-0-

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

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

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

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

Management Response:

BOCC: We will plan a discussion to address procedures regarding risk management and monitoring procedures to assess the quality of performance by having periodic meeting to ensure that our documentation is accurate and complete.

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.

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

Finding 2011-11—Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory and Consumable Items Inventory

Condition: Upon inquiry of county officials and employees, we determined that annual physical fixed assets inventory counts are not being performed by District 1, District 2, and District 3 County Commissioners, County Clerk, County Sheriff, Court Clerk, and County Assessor. Also, all inventory items are not properly marked with identification numbers and "Property of Comanche County" when required.

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The observation and test of consumable inventory items revealed the following weaknesses:

District 1:

- The employee responsible for maintaining stock cards and transferring documents is also responsible for the monthly physical count of consumable inventory.

District 2:

- Two of the five items selected were not properly marked with county identification numbers.
- One of the ten items selected could not be located.

District 3:

- Supporting documentation of a monthly physical count of consumable inventory is not maintained.
- Supporting documentation of the monthly fuel measurement is not maintained after the measurement is reconciled to the balance on fuel usage logs.

County Treasurer:

- Two of the five items selected were not properly marked with county identification numbers.

Cause of Condition: Procedures have not been designed and implemented by county officers to perform annual fixed assets inventory counts and monthly consumable items inventory counts to ensure compliance with statutes.

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

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

Management Response:

District 1: Equipment is properly marked at this time. We have established documentation procedures for a physical count of consumable inventory and fuel usage.

District 2: The two items of the five selected have been properly marked with county identification numbers.

District 3: The one piece of equipment not marked with the property decal, was a lease to own item. It was our understanding that these types of items were not to have decals placed on them. However, we fully understand the requirement. With regard to the consumable items inventory, we have established documentation for a physical count of consumable inventory and fuel usage.

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County Treasurer: We were not aware of any of our inventory not being marked. We will implement policy to have a third person to review the inventory book each quarter and initial and date his review.

Court Clerk: The office of the Comanche County Court Clerk will adhere immediately to the state statutes, as well as, the Court Clerk Handbook in inventorying and properly affixing a control number or inventory number to all items in the Court Clerk's office, as well as, the District Judges' offices. Upon completion of the inventory, an inventory spread sheet will be filled in the Comanche County Clerk's Office. The inventorying will be kept up to date yearly.

County Clerk: In the future, we will ensure that our annual inventory check will not only have the signatures on each inventory record, but will also be signed stating the accuracy of the inventory check.

County Sheriff: At the present time this is a long term correction in motion; as pointed out and discussed with your personnel, there are actions being undertaken on a continuing basis to bring this into compliance. This is not a quick fix or instant solution, rather one requiring planning and inception by several people.

County Assessor: No change in rationale or procedure is anticipated.

Criteria: Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding 2011-12—Inadequate Internal Controls Over Court Clerk Receipts and Expenditures

Condition: Upon inquiry of the Court Clerk and his staff, observation, and tests of records, we noted the following weaknesses with regard to internal controls related to the receipting process of the Court Clerk and the expenditures process over Court Fund.

Receipting Process:

- Employees operate from separate cash drawers; however, they do not sign and date individual reconciliations of receipts issued to collections.
- Additionally, the same employee that reconciles the deposit slip to the overall collections, also delivers the deposit to the County Treasurer.

Expenditure Process:

- One employee prepares Court Fund claims, initiates the payment, prints and signs vouchers, and mails or delivers payments to vendors, and reconciles monthly with the County Treasurer.

Cause of Condition: Procedures have not been designed and implemented to adequately segregate the duties over the receipting process and the expenditure process due to the Court Clerk being unaware for the need of such procedures.

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Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, undetected errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends the Court Clerk design and implement procedures to ensure a proper segregation of duties over the receipting and expenditure processes.

The following key accounting functions of the receipting process should be adequately segregated:

- Employees should sign and date individual reconciliation of receipts issued to collections.
- Separate employees should perform the duties of preparing the deposit slip and delivering the deposit to the County Treasurer.

Further, the following accounting functions of the expenditures process should be adequately segregated:

- Preparation of Court Fund claims.
- Initiation of payment.
- Printing and signing of vouchers.
- Monthly reconciliation with the County Treasurer.

Management Response:

Court Clerk: Effective December 4, 2012, the office of the Comanche County Court Clerk initiated the following procedure:

Receipting Process:

- Prior to each employee delivering their individual daily money transactions to bookkeeping for deposit, they print their “Cashier’s Daily Balance and Reconciliation Report by Cashier (OSAI Form 1730C) and on each section that applies for that particular day the employee reconciles the sections by verifying the cash, checks or money orders, credit cards, etc. to the report and initials each section when balanced with the report then signs the report. Next, the employees submit the reports, receipts, and money bag to bookkeeping. (Note: each employee is partnered with someone and if their partner is off as in sick, vacation, etc. a report is printed and the partner indicates by stating reason for absence.)
- At the end of the day with all employees’ reports, receipts and money the two bookkeepers will commence the daily deposits. One bookkeeper will verify the money and receipts to the report then hands the currency and checks to the other bookkeeper to start balancing with the “Official Depository Ticket” – OSAI 1726C Report. (The bookkeepers rotate this procedure every day). The next day, either the Court Clerk or the First Deputy will verify the depository ticket, sign and deliver the deposit to the County Treasurer.

Effective December 4, 2012, the office of the Comanche County Court Clerk initiated the following procedure:

Expenditure Process:

- The preparation of the Court Fund Claims will be the deputy that the Claimant handed the claim to for inspection, verify that the proper supporting document(s) are attached. The deputy will then in turn sign and hand the claim and attachments to bookkeeping.

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- Initiation of payment has always been the Court Clerk and the current District Judge on the Court Fund Governing Board.
- Printing and signing of vouchers will be one of the two bookkeepers.
- Monthly reconciliation with the County Treasurer will be the other bookkeeper.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Finding 2011-13—Court Clerk Revolving Fund Claims

Condition: In the test of 25 Court Clerk Revolving Fund expenditures, three instances were noted in which the claim did not have adequate approval by the Court Fund Governing Board.

Cause of Condition: Procedures have not been designed to ensure all expenditures of the Court Clerk Revolving Fund are approved by the Court Fund Governing Board.

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

Recommendation: OSAI recommends the Court Clerk design and implement procedures to ensure compliance with 19 O.S. § 220.

Management Response:

Court Clerk: After inspecting the three instances, one of the two on the governing board failed to acknowledge and sign the claims. In the future, before submitting the claims to the bookkeepers for the printing and signing of the payment vouchers, the Court Clerk will inspect the claims for completion when they are returned from the District Judge prior to payment to prevent this incident from occurring again.

Criteria: Effective internal controls require that management properly implement procedures to ensure that Court Clerk Revolving Fund expenditures comply with 19 O.S. § 220.

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Finding 2010-4—Schedule of Expenditures of Federal Awards – FEMA (Repeat Finding)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD YEAR: 2008, 2009, and 2010

CONTROL CATEGORY: Reporting

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

Status: Finding 2010-4 was not corrected in fiscal year 2010 and resulted in Repeat Finding 2011-9.



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