

**COMANCHE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2002**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

December 23, 2002

TO THE CITIZENS OF
COMANCHE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Comanche County, Oklahoma, for the fiscal year ended June 30, 2002. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

COMANCHE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Comanche County.....	ii
County Elected Officials and Responsibilities.....	iii
Ad Valorem Tax Distribution.....	viii

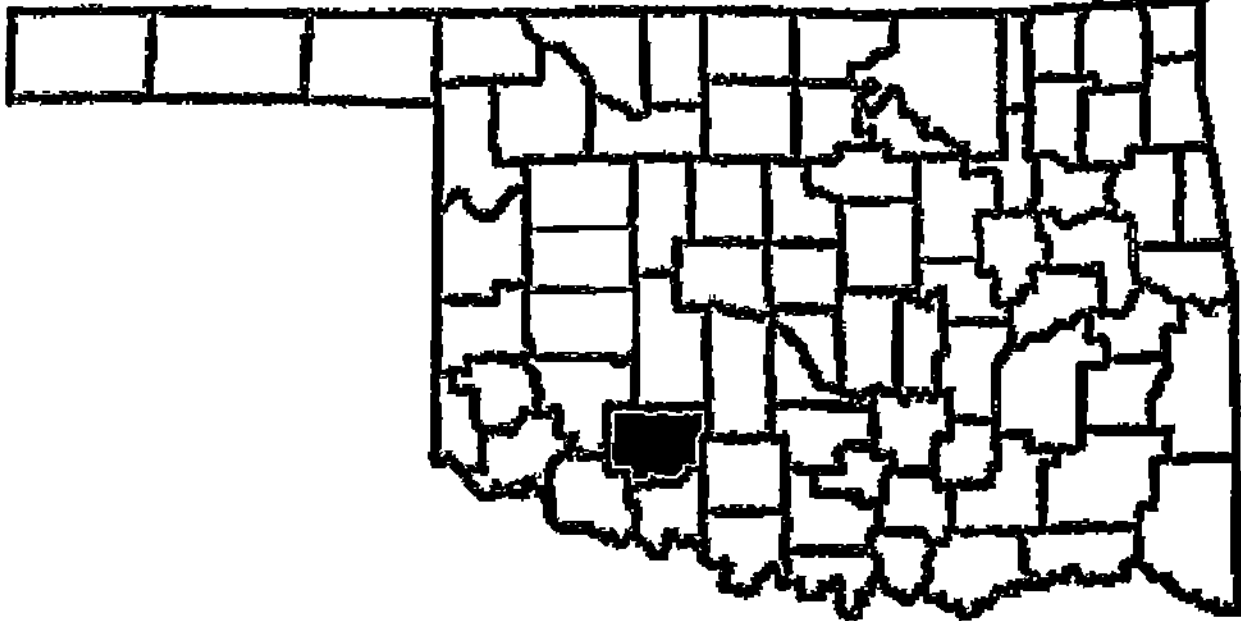
FINANCIAL SECTION

Report of State Auditor and Inspector.....	1
Primary Government Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Group.....	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue (County Health Department only) Funds.....	5
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type.....	6
Combined Statement of Cash Flows - Proprietary Fund Type.....	7
Notes to the Financial Statements.....	8

COMPLIANCE/INTERNAL CONTROL SECTION

Schedule of Expenditures of Federal Awards.....	22
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	25
Schedule of Findings and Questioned Costs.....	27
Management Response.....	30

REPORT TO THE CITIZENS
OF
COMANCHE COUNTY, OKLAHOMA



Comanche County was created from a portion of Comanche County, Oklahoma Territory. The word Comanche is believed to be derived from the Spanish *Camino Ancho*, meaning broad trail.

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.

County Seat - Lawton

Area - 1,069.4 Square Miles

County Population - 106,621
(1999 est.)

Farms - 1,030

Land in Farms - 434,526 Acres

Source: Oklahoma Almanac 2001 - 2002

See independent auditor's report

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Robert McAdoo
(D) Cache

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year, at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

COUNTY CLERK
Charley Maguire
(D) Fletcher

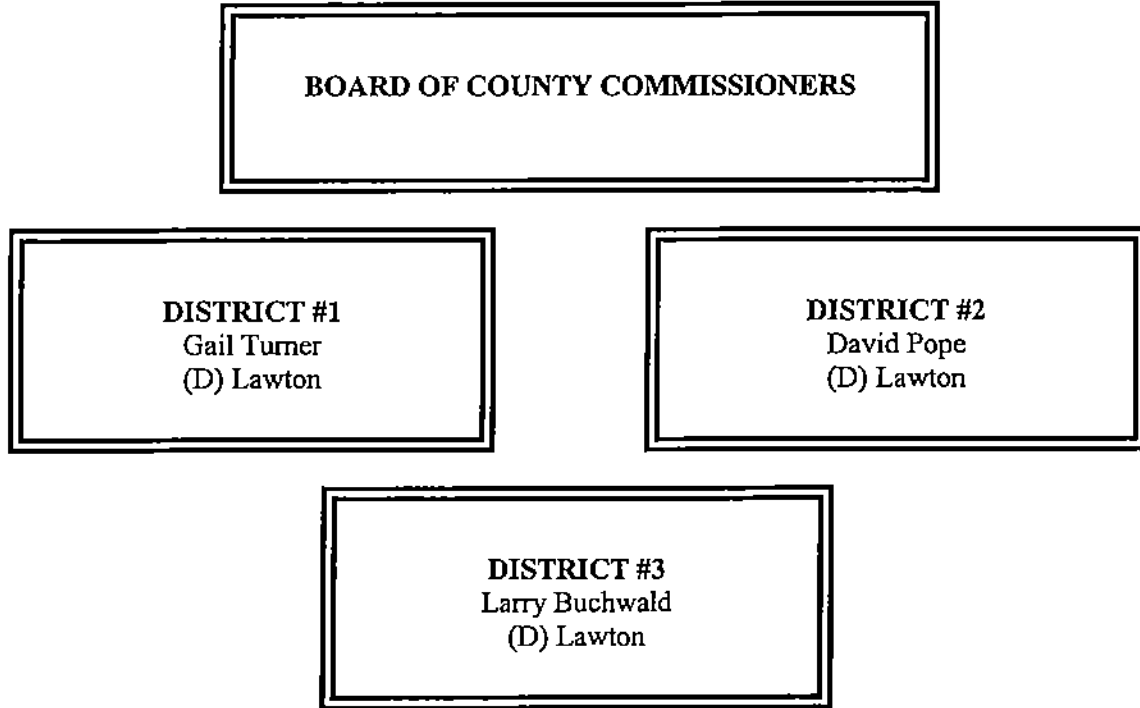
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Kenny Stradley
(D) Lawton

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

COUNTY TREASURER
Cindy Jackson
(D) Cache

All revenues received by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county revenues and expenditures, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Joan Williams
(D) Lawton

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY
Robert Schulte
(D) Lawton

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

**COUNTY ELECTED OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

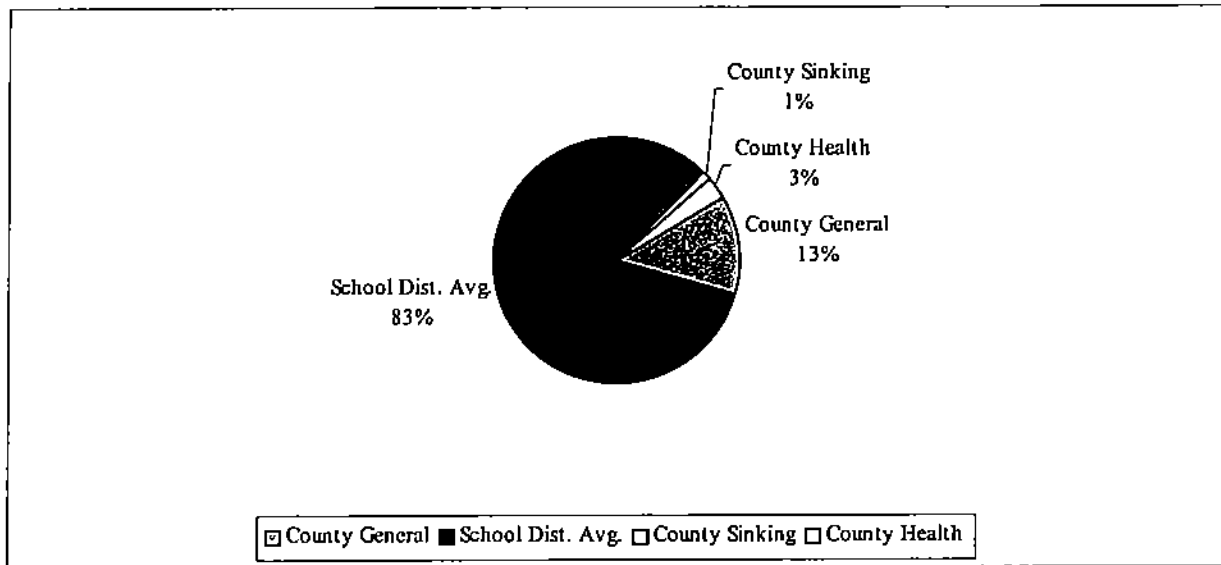
Annette Briley
(D) Lawton

The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operating expenses of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any County elections not held concurrently with state elections.

**AD VALOREM TAX DISTRIBUTION
COMANCHE COUNTY, OKLAHOMA
SHARE OF THE AVERAGE MILLAGE**

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:						
		General	Sinking	Building	Vo-Tech	Common	Totals	
County General Fund	10.23	Stoney Pt.- Elgin S124	36.74	18.38	5.25	11.25	4.00	75.71
County Health	2.56	Chattanooga S132	37.17		5.31	11.25	4.00	57.82
County Sinking	.21	Flower Mound SD48	35.55		5.08	11.25	4.00	55.97
		Bishop SD49	35.44	6.24	5.06	11.25	4.00	62.08
		Cache SI01	35.67	13.68	5.10	11.25	4.00	69.79
<u>Cities and Towns</u>		Indiahoma SI02	37.44	14.19	5.35	11.25	4.00	72.32
Lawton	4.80	Sterling SI03	37.85	12.16	5.41	15.25	4.00	70.70
		Geronimo SI04	36.80		5.26	11.25	4.00	57.40
		Lawton SI08	35.67	.02	5.10	11.25	4.00	56.13
		Fletcher SI09	36.35	21.72	5.19	11.25	4.00	78.60
		Elgin SI16	36.74	18.38	5.25	11.25	4.00	75.71
		Cotton Jt. S001	37.71	3.50	5.39	12.70	4.00	63.39
		Kiowa Jt. S003	36.72		5.25	11.89	4.00	57.95
		Kiowa Jt. S004	37.97		5.42	11.25	4.00	58.73
		Stephens Jt. S021	39.24	13.34	5.61	12.70	4.00	74.98
		Stephens Jt. S034	36.92	4.46	5.27	12.70	4.00	63.44
		Caddo Jt. S056	38.22	28.44	5.46	11.89	4.00	88.10
		Caddo Jt. S064	35.00	18.16	5.00	11.89	4.00	74.14
		Caddo Jt. S160	35.00	10.23	5.00	11.89	4.00	66.21

See independent auditor's report



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

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Independent Auditor's Report

TO THE OFFICERS OF
COMANCHE COUNTY, OKLAHOMA

We have audited the accompanying primary government financial statements of Comanche County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of Comanche County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 and the report of the other auditors provide a reasonable basis for our opinion.

As discussed in Note 1A, the primary government financial statements referred to above do not include the component unit financial statements of the County, which should be included in order to conform with accounting principles generally accepted in the United States of America. Those financial statements, which are prepared by other auditors, were not available for inclusion in our report.

As explained in Note 1H, the primary government financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

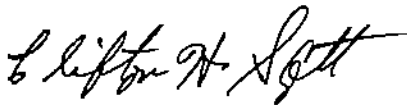
A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effect on the primary government financial statements of the omission described in the preceding paragraph, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government of Comanche County, Oklahoma, as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include financial data of the component units of Comanche County, do not purport to, and do not, present fairly the financial position of Comanche County, Oklahoma, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of Comanche County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole. The other information listed in the table of contents under *Introductory Section* has not been audited by us and accordingly, we express no opinion on such data.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

November 25, 2002

Primary Government Financial Statements

**COMANCHE COUNTY, OKLAHOMA
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUP
AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2002**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT	TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	INTERNAL	TRUST AND	GENERAL	
					SERVICE	AGENCY	LONG - TERM DEBT	
ASSETS								
Cash and investments	\$ 1,233,139	\$ 7,160,222	\$ 2,642,346	\$ 8,246	\$ 16,633	\$ 4,403,429	\$	\$ 15,464,015
Ad valorem taxes receivable	69,162	17,390		5,763		484,133		576,448
Sales tax receivable			176,805					176,805
Intergovernmental receivables	12,948	344,302				77,256		434,506
Amount to be provided for payment of compensated absences							484,399	484,399
Amount to be provided for capitalized lease purchase agreements							2,041,459	2,041,459
Total assets	<u>\$ 1,315,249</u>	<u>\$ 7,521,914</u>	<u>\$ 2,819,151</u>	<u>\$ 14,009</u>	<u>\$ 16,633</u>	<u>\$ 4,964,818</u>	<u>\$ 2,525,858</u>	<u>\$ 19,177,632</u>
LIABILITIES AND FUND EQUITY								
Liabilities:								
Warrants payable	\$ 136,264	\$ 331,635	\$ 9,848	\$	\$	\$ 5,054	\$	\$ 482,801
Accounts payable	103,111	395,396	130,917					629,424
Due to other taxing units						943,778		943,778
Due to others						4,015,986		4,015,986
Compensated absences payable							484,399	484,399
Capitalized lease obligations payable							2,041,459	2,041,459
Total liabilities	<u>239,375</u>	<u>727,031</u>	<u>140,765</u>	<u>-</u>	<u>-</u>	<u>4,964,818</u>	<u>2,525,858</u>	<u>8,597,847</u>
Fund equity:								
Retained earnings					16,633			16,633
Fund balances:								
Reserved for debt service				14,009				14,009
Reserved for encumbrances	124,687	262,289	1,220,704					1,607,680
Unreserved:								
Designated for capital projects			1,457,682					1,457,682
Undesignated	951,187	6,532,594						7,483,781
Total fund equity	<u>1,075,874</u>	<u>6,794,883</u>	<u>2,678,386</u>	<u>14,009</u>	<u>16,633</u>	<u>-</u>	<u>-</u>	<u>10,579,785</u>
Total liabilities and fund equity	<u>\$ 1,315,249</u>	<u>\$ 7,521,914</u>	<u>\$ 2,819,151</u>	<u>\$ 14,009</u>	<u>\$ 16,633</u>	<u>\$ 4,964,818</u>	<u>\$ 2,525,858</u>	<u>\$ 19,177,632</u>

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

COMANCHE COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	GOVERNMENTAL FUND TYPES				TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	
Revenues:					
Ad valorem taxes	\$ 4,178,135	\$ 1,306,752	\$	\$ 6,642	\$ 5,491,529
Sales tax		58,107	2,061,536		2,119,643
Charges for services	352,282	777,081			1,129,363
Intergovernmental revenues	752,985	5,263,458			6,016,443
Miscellaneous revenues	438,277	501,650		232	940,159
Total revenues	<u>5,721,679</u>	<u>7,907,048</u>	<u>2,061,536</u>	<u>6,874</u>	<u>15,697,137</u>
Expenditures:					
Current operating:					
General government	3,922,851	1,485,708			5,408,559
Public safety	1,233,029	613,540			1,846,569
Health and welfare	101,210	1,130,957			1,232,167
Culture and recreation	119,908				119,908
Education	107,810				107,810
Roads and highways	86,872	6,030,946			6,117,818
Capital outlay			797,039		797,039
Total expenditures	<u>5,571,680</u>	<u>9,261,151</u>	<u>797,039</u>	<u>-</u>	<u>15,629,870</u>
Excess revenues over (under) expenditures	<u>149,999</u>	<u>(1,354,103)</u>	<u>1,264,497</u>	<u>6,874</u>	<u>67,267</u>
Other financing sources:					
Capitalized lease agreements	174,826	478,269			653,095
Total other financing sources	<u>174,826</u>	<u>478,269</u>	<u>-</u>	<u>-</u>	<u>653,095</u>
Excess revenues and other sources over (under) expenditures	324,825	(875,834)	1,264,497	6,874	720,362
Beginning fund balances	751,049	7,670,717	1,413,889	7,135	9,842,790
Ending fund balances	<u>\$ 1,075,874</u>	<u>\$ 6,794,883</u>	<u>\$ 2,678,386</u>	<u>\$ 14,009</u>	<u>\$ 10,563,152</u>

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

COMANCHE COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
-BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE
(COUNTY HEALTH DEPARTMENT ONLY) FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 455,445	\$ 464,020	\$ 8,575	\$ 774,879	\$ 777,519	\$ 2,640
Revenues:						
Ad valorem taxes	3,735,260	4,193,541	458,281	934,728	1,052,233	117,505
Charges for services	279,846	352,282	72,436	162,626	162,626	
Intergovernmental revenues	712,542	753,696	41,154			
Miscellaneous revenues	545,877	459,194	(86,683)			
Total revenue, budgetary basis	<u>5,273,525</u>	<u>5,758,713</u>	<u>485,188</u>	<u>1,097,354</u>	<u>1,214,859</u>	<u>117,505</u>
Expenditures:						
General government	4,048,829	3,697,975	350,854			
Public safety	1,251,820	1,240,305	11,515			
Health and welfare	101,910	101,510	400	1,872,233	1,173,869	698,364
Culture and recreation	127,500	127,390	110			
Education	107,820	107,820				
Roads and highways	91,091	86,872	4,219			
Total expenditures, budgetary basis	<u>5,728,970</u>	<u>5,361,872</u>	<u>367,098</u>	<u>1,872,233</u>	<u>1,173,869</u>	<u>698,364</u>
Excess of revenues and beginning fund balances over expenditures, budgetary basis	\$ -	860,861	\$ 860,861	\$ -	818,509	\$ 818,509
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances						
Add: Ad valorem taxes receivable		69,162			17,390	
Intergovernmental receivable		12,948				
Reserved for encumbrances		124,687			32,361	
Adjustment to prior year reserved for encumbrances		8,216			16,622	
Ending fund balances		<u>\$ 1,075,874</u>			<u>\$ 884,882</u>	

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

**COMANCHE COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED
EARNINGS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2002**

		<u>Internal Service</u>
Operating revenues:		
Interest on investments	\$	<u>241</u>
Total operating revenues		<u>241</u>
Operating expenses:		
Benefit payments		<u>369</u>
Total operating expenses		<u>369</u>
Net operating income (loss)		(128)
Retained earnings, July 1, 2001		<u>16,761</u>
Retained earnings, June 30, 2002	\$	<u><u>16,633</u></u>

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

**COMANCHE COUNTY, OKLAHOMA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Internal Service</u>
Cash flows from operating activities:	
Benefit payment	\$ <u>(369)</u>
Net cash provided (used) by operating activities	<u>(369)</u>
Cash flows from investing activities:	
Interest on investments	<u>241</u>
Net cash provided by investing activities	<u>241</u>
Net increase (decrease) in cash	(128)
Cash at beginning of year July 1, 2001	<u>16,761</u>
Cash at end of year June 30, 2002	\$ <u><u>16,633</u></u>
Reconciliation of net operating income to net	
cash provided (used) by operating activities	(369)
Interest on investments	<u>241</u>
Net loss	\$ <u><u>(128)</u></u>

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

Notes to the Financial Statements

COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

1. Summary of Significant Accounting Policies

The financial statements of the County are required to be presented in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the County is required to include the entities which comprise the primary government and its legally separate component units in the fiscal year 2002 general-purpose financial statements. The following component units of Comanche County were not included because the audited financial statements were not available.

Excluded Component Units

Comanche County Nutrition Project Authority was created as a public trust under Title 60 O.S. § 176 et seq. on December 10, 2001, with Comanche County, Oklahoma, named as the beneficiary thereof. The board members of the Comanche County Nutrition Project Authority are the Board of County Commissioners, and their respective successors. The Comanche County Nutrition Project Authority was formed to provide Comanche County the aid of establishment, implementation, and administration of public programs within Comanche County to promote, finance, provide, operate, sponsor, assist in, and develop any and all programs and activities related to nutrition, meals, social services, health, recreation, transportation, and housing. The Comanche County Nutrition Project Authority's fiscal year reporting period is September 30, 2002. However, for its year ended September 30, 2002, the Comanche County Nutrition Project Authority's financial statements were not available.

Comanche County Facilities Authority was created as a public trust under Title 60 O.S. § 176 et seq. on May 7, 2001, with Comanche County, Oklahoma, named as the beneficiary thereof. The board members of the Comanche County Facilities Authority are the Board of County Commissioners, and their respective successors. The Comanche County Facilities Authority was created to promote, finance, and develop a county correctional facility. The

Summary of Significant Accounting Policies (continued)

Comanche County Facilities Authority issued revenue bonds in the amount of \$8,750,000 for the financing of the new correctional facility for lease to Comanche County, Oklahoma. On November 3, 1998, the voters of Comanche County, Oklahoma approved a one-fourth of one percent sales tax for the purpose of constructing and equipping the correctional facility and the payment of debt service on the revenue bonds. Financial statements for the fiscal year ending June 30, 2002, were not available.

Comanche County Industrial Development Authority (CCIDA) was formed in October 1969, as a public trust under the Oklahoma statutes. A nine-member board, which may include the governing body of Comanche County, consists of citizens residing in Comanche County and are appointed by the Comanche County Commissioners. The CCIDA was formed principally to develop industry, culture, and related activities within Comanche County as defined by Government Accounting Standards. Originally, the principal activity of the CCIDA was to develop Comanche County's industrial base through loans for facilities to businesses. The declaration of the Authority was amended in December 1986 to include financial assistance to health care facilities. Funds for these loans were provided by Comanche County from the proceeds of a 1969 bond issue. Under the terms of the agreement between the CCIDA and Comanche County, the CCIDA transferred funds to the Comanche County Treasurer for the payment of principal and interest on the bond issue. During the fiscal year ended June 30, 1990, the bonds were defeased. Financial statements for the fiscal year ending June 30, 2002, were not available.

Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority is a component unit of Comanche County. A nine-member board, not including the governing body of Comanche County, consists of citizens residing in Comanche County. Each individual County Commissioner appoints three members. Each year, certain funds are made available to the Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority from the Comanche County general fund. These funds are disbursed on behalf of the Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority directly to the vendors upon submission and approval of claim vouchers. Financial statements for the fiscal year ending June 30, 2002, were not available.

Comanche County Home Finance Authority was created as a public trust under applicable statutes on October 23, 1978 (amended March 23, 1979), with Comanche County, Oklahoma, named as the beneficiary thereof. Board members are three citizens residing in different County Commissioners' Districts and are appointed by the Comanche County Commissioners. The Comanche County Home Finance Authority is a component unit of Comanche County, Oklahoma. The purpose of the Comanche County Home Finance Authority is generally providing housing of every type for low-to-moderate income persons residing in Comanche County. The provisions of the Single-Family Mortgage Revenue Bond Indentures authorize the

COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Summary of Significant Accounting Policies (continued)

Comanche County Home Finance Authority to acquire mortgage loans on residential real property for eligible persons, and to issue revenue bonds for such purposes. As the beneficiary of the Comanche County Home Finance Authority, the County has received the proceeds of the refinancing of bond issues, and the Board of County Commissioners authorizes the expenditure of these proceeds. The Comanche County Home Finance Authority is on a calendar year reporting period. For its year ended December 31, 2001, financial statements were not available.

Related Organizations Excluded from the Reporting Entity

Comanche County Hospital Authority is a public trust created to establish and develop health care facilities. The Comanche County Hospital Authority is authorized to incur secured and unsecured indebtedness, none of which represent debt of the County. Trustees to the Comanche County Hospital Authority are appointed by the Board of County Commissioners.

Comanche County Tourism Development Trust Authority is a public trust created to encourage, promote, and coordinate tourism development endeavors and to promote knowledgeable and high quality development activities related to tourism in Comanche County. Appointment of trustees for the Comanche County Tourism Development Trust Authority is approved by the Board of County Commissioners.

Comanche County Victim Restitution Trust is a public trust created for the benefit of the citizens of Comanche County to aid and assist victims of crimes committed within Comanche County with financial support. Appointment of trustees for the Comanche County Victim Restitution Trust is approved by the Board of County Commissioners.

B. Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category in turn is divided into separate "fund types."

Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, when the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) except for those that conflict with GASB pronouncements.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are generally used to account for assets that the government holds on behalf of others as their agent.

Account Groups

General Fixed Assets Account Group (GFAAG) - Generally accepted accounting principles (GAAP) require that those fixed assets of a government not reported in a proprietary fund or a trust fund be reported in a general fixed assets account group (GFAAG). This account group is not a fund. It does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the government's fixed assets and is designed to ensure accountability.

General Long-Term Debt Account Group (GLTDAG) - The general long-term debt account group (GLTDAG) is used to account for a government's unmatured long-term indebtedness that has not been identified as a specific fund liability of a proprietary or trust fund. In addition to general obligation debt instruments (e.g., bonds, notes, warrants), the GLTDAG is also used to report revenue bonds that will be repaid from general government resources, special assessment debt when the government is "obligated in some manner," special revenue bonds, and certain

Summary of Significant Accounting Policies (continued)

liabilities that are normally not expected to be liquidated with expendable available financial resources (e.g., capitalized lease-purchase obligations).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if collected within 60 days after year-end. Expenditures are recorded when amounts for principal and interest have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, interest revenue, and other taxes collected and held by the Oklahoma Tax Commission at year-end on behalf of the government. Charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

D. Budgetary Policies and Procedures

Under current Oklahoma statutes, the general fund is the only fund required to adopt a formal budget. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures as adjusted for supplemental appropriations and approved transfer between budget categories. Appropriations for the highway funds and other cash funds are made on a monthly basis, according to the funds then available.

Summary of Significant Accounting Policies (continued)

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 the general and special revenue funds.

Any encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue (County Health Department only) Funds presents 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 Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

E. Cash

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2002.

F. Receivables

All receivables are reported at their gross value.

G. Interest Receivable

Interest on deposits and investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

H. Fixed Assets

The County presently maintains some individual records of personal property; however, the County does not keep similar records for land, buildings, and improvements. For this reason, a statement of general fixed assets, required by generally accepted accounting principles, is not presented on the Combined Balance Sheet - All Fund Types and Account Group.

Summary of Significant Accounting Policies (continued)

I. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability - Torts - Errors and Omissions - Law Enforcement Officers Liability - Vehicle	The County participates in a public entity risk pool. Association of County Commissioners of Oklahoma - Self-Insured Group. (See ACCO-SIG.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool. (See ACCO Self-Insured Fund ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

The County established a limited risk management program for health benefits in 1993. Premiums were paid into the internal service fund by all other funds and were available to pay claims, claim reserves, and administrative costs of the program. The plan purchased medical reinsurance, which covered aggregate claims in excess of the plan payments when applicable.

Beginning July 1, 1996, Comanche County employees chose to have health insurance coverage through the State of Oklahoma, Oklahoma Employees Group Insurance Program. The balance remaining in the self-insurance fund was used to pay existing or future claims that have been filed.

During the fiscal year 2002, the County earned interest on the internal service fund balance of \$241 and paid \$369 on outstanding claims. Incurred but not reported claims were not material to the County's financial statements at June 30, 2002. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not

Summary of Significant Accounting Policies (continued)

exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2002 fiscal year.

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county will pay a deductible amount (\$1,000 to \$10,000; the County has a \$50,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984, and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not assessed additional premiums to be paid by its members in the past three years.

J. Compensated Absences

All full-time employees are entitled to annual leave that is accrued on an annual basis (except the first 5 years of service shall be accrued on a semi-annual basis). From the employee start date through 60 months of service, employees are entitled to 5 days of vacation for each 6-month period.

Employees with 6 to 10 years of service are entitled to 12 days vacation. Employees with 11 to 15 years of services are entitled to 15 days vacation. Employees with 16 to 20 years of service are entitled to 18 days vacation. Those employees with over 20 years of service are entitled to 20 days vacation. Employees may not accumulate more than 480 hours of vacation from one year to the next (any additional time shall be forfeited.) For the fiscal year ending June 30, 2002, the County had a liability of \$484,399 in accumulated compensated absences.

The County does accumulate sick leave. An employee may earn 1 day of sick leave for each full calendar month of service to the County. Sick leave may accumulate up to 130 days. Since there is no history of sick leave usage from which to project future usage, no liability for such has been recorded. Such an amount, if recorded, would not be material to the financial statements.

Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

The County reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

L. Fund Equity

Retained earnings reflect the accumulated earnings of an enterprise or internal service fund. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund equity represents tentative plans for future use of financial resources.

M. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

N. Grant Revenue

Revenues from federal and state grants are recognized when expenditures are incurred.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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 by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

Title 62 O.S. § 348.3 authorizes the County Treasurer to invest in:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptances, which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments.

Deposits. At year-end, the carrying amount of the County's deposits was \$15,464,015, and the bank balance was \$15,654,856. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County name.

B. Receivables

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."

The net assessed property value as of January 1, 2001, was \$401,640,893.

The County levied 10.23 mills for general fund operations, 2.56 mills for the County Health Department, and .21 mills for County Sinking. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and apportions the ad valorem taxes collected to the appropriate taxing units.

Detailed Notes on Account Balances (continued)

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.

Current year tax collections for the year ended June 30, 2002, were approximately 97 percent of the tax levy.

C. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation, which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributed between 5% and 10% of earned compensation for fiscal year 2002. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributed 10% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2002, 2001, and 2000, were \$562,922, \$549,756, and \$520,108, respectively, equal to the required contributions for each year.

D. Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all subsequent pieces of machinery acquired. The one-time fee will be reported as interest. Oklahoma statutes prohibit the County from entering into contracts of this nature longer than one year. For this reason, these lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the County. However, it is the

COMANCHE COUNTY, OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2002

Detailed Notes on Account Balances (continued)

County's intent to exercise its right to purchase this property; accordingly, the lease-purchase agreements have been capitalized to conform with generally accepted accounting principles. The unpaid portions of these agreements have been reflected as capitalized lease obligations within the general long-term debt account group.

Providing all capital leases are renewed each year by resolution of the Board of Commissioners, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2002, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 374,816	\$ 100,785	\$ 475,601
2003	362,588	79,969	442,557
2005	485,999	59,076	545,075
2006	134,416	39,098	173,514
2007	104,912	33,071	137,983
2008-2010	<u>578,728</u>	<u>126,336</u>	<u>705,064</u>
Total	<u>\$2,041,459</u>	<u>\$438,335</u>	<u>\$2,479,794</u>

During the year, the County capitalized leases totaling \$653,095 and paid \$630,444 on the outstanding balances of lease-purchase agreements.

F. Changes in Long-Term Liabilities

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2002</u>
Capital leases	\$2,018,808	\$ 653,095	\$ 630,444	\$2,041,459
Compensated absences	<u> </u>	<u>484,399</u>	<u> </u>	<u>484,399</u>
Total	<u>\$2,018,808</u>	<u>\$ 1,137,494</u>	<u>\$ 630,444</u>	<u>\$2,525,858</u>

G. Fuel Taxes

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 County highway fund is reported herein as "special revenue," and the fuel tax revenue is presented as "intergovernmental."

Detailed Notes on Account Balances (continued)

H. Fund Equity

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Designations of fund balances represent tentative plans for future use of financial resources, which are available for appropriation. Specific reservations and designations of the fund balance accounts are summarized below.

Reserved for Encumbrances- The reserve for encumbrances represents encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

Reserved for Debt Service - The reserve for debt service was established to indicate that the fund balance or portion thereof is required by law to be used for the payment of any outstanding bonds, interest, or judgments against the County.

Designated for Capital Project – The current fund balance in the capital project fund is be used to construct a county jail facility.

4. 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 government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government

5. Sales Tax

On September 17, 1996, Comanche County citizens voted a county sales tax of one percent (1%). The sales tax is deposited in the sales tax revolving fund, a special revenue fund. Proceeds are to be used for the acquisition, construction, and development of a meat packing, food processing, and/or manufacturing facility to be owned by the Comanche County Industrial Development Authority.

COMANCHE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Sales Tax (continued)

For the fiscal year ended June 30, 2002, the County collected \$1,993 in sales tax that was apportioned to the sales tax revolving fund and was appropriated to the sales tax Bar-S fund. The collection of this one percent (1%) sales tax ended in January 2000. The County is receiving collections due to late payments to the Oklahoma Tax Commission by the collectors of the county sales tax. This fund is accounted for as a special revenue fund in the County's financial statements. In addition to the county sales tax collected by Comanche County, the County also collected \$58,107 in use tax from the Oklahoma Tax Commission for the fiscal year ended June 30, 2002, that was collected and deposited into the sales tax revolving fund and was appropriated to the sales tax use fund. This fund is accounted for as a special revenue fund on the County's financial statements.

On November 3, 1998, Comanche County citizens voted a county sales tax of one-quarter percent (.25%). The sales tax is deposited in the sales tax revolving fund, a capital projects fund. Proceeds are to be used for constructing and equipping a county jail including, but not limited to, the payment of debt service on any indebtedness issued by or for the County pertaining to said "county jail." All surplus revenues are to be used for the operation of the County jail and associated offices including the Sheriff's Office.

For the fiscal year ended June 30, 2002, the County collected \$2,061,536 in sales tax that was apportioned to the sales tax revolving fund and was appropriated to the sales tax jail fund. This fund is accounted for as a capital project fund on the County's financial statements.

Schedule of Expenditures of Federal Awards

COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2002

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed through the State Department of Commerce:		
Emergency Shelter Grant	14.231	\$ 20,000
Comanche County Cove Acres Fire Dept.	14.228	50,000
Total U.S. Department of Housing and Urban Development		<u>70,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>		
LLEBG Grant	16.592	<u>38,750</u>
Total U.S. Department of Justice		<u>38,750</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>		
Passed through State Department of Civil Emergency Management:		
Public Assistance FEMA Wind and Debris	83.544	131,861
Public Assistance FEMA Ice	83.544	1,560,809
Public Assistance FEMA SLA SubGrant	83.534	33,018
Total Federal Emergency Management Agency		<u>1,725,688</u>
<u>U.S. DEPARTMENT OF AGRICULTURE CHILD NUTRITION CLUSTER</u>		
Passed through the State Department of Education Child Nutrition Program:		
National School Breakfast Program	10.553	9,229
National School Lunch Program	10.555	16,888
Total Department of Agriculture Child Nutrition Cluster		<u>26,117</u>
Total Federal Financial Expenditures		<u>\$ 1,860,555</u>

1. 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*.

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

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OKLAHOMA CITY, OK 73105-4896
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**Report on Compliance and on Internal Control Over Financial
Reporting 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 financial statements of Comanche County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 25, 2002. We qualified our opinion because of the omission of the general fixed assets account group. The financial statements do not include the financial data of Comanche County Home Finance Authority, the Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority, the Comanche County Industrial Development Authority, Comanche County Facilities Authority, and Comanche County Nutrition Project Authority, component units of Comanche County. 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.

Compliance

As part of obtaining reasonable assurance about whether Comanche County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Comanche County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process,

statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 96-1 and 98-1.

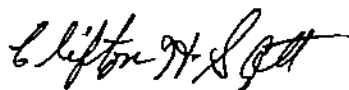
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider items 96-1 and 98-1 to be material weaknesses.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

November 25, 2002

**Report on Compliance With Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance With
OMB Circular A-133**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

**Report on Compliance With Requirements Applicable to 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 are applicable to its major federal programs for the year ended June 30, 2002. The County's major federal programs are 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 programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 the 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 of our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Comanche County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2000-2 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

November 25, 2002

Schedule of Findings and Questioned Costs

COMANCHE COUNTY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2002

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified	Primary Government
Internal control over financial reporting:	Adverse	Reporting Entity

- | | |
|---|---------------|
| • Material weakness(es) identified? | Yes |
| • Reportable condition(s) identified that are not considered to be material weaknesses? | None Reported |

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

Federal Awards

Internal control over major programs:

- | | |
|---|---------------|
| • Material weakness(es) identified? | Yes |
| • Reportable condition(s) identified that are not considered to be material weakness(es)? | None Reported |

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
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Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Federal Emergency Management Agency (FEMA) Public Assistance Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee?	No
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COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

SECTION 2 - Financial Statement Findings

Finding 96-1 General Fixed Assets

Criteria: Accounting principles generally accepted in the United States of America for a governmental entity using governmental fund types require the presentation of the general fixed assets account group (GFAAG) in the financial statements.

Condition: Information is not available for reporting general fixed assets in accordance with accounting principles generally accepted in the United States of America for a governmental entity. The general fixed assets control account is not accurate.

Effect: This component of internal control is not effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

Recommendation: We recommend records include acquisition cost, a complete description, purchase date, location of such assets, and that a control total of cost of these assets be maintained and reconciled annually.

Finding 98-1 Component Units

Criteria: GASB 14 requires that a component unit's financial position and activity be included with the financial statements of the reporting entity.

Condition: Financial statements for the Comanche County Industrial Development Authority, the Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority, the Comanche County Home Finance Authority, and Comanche County Facilities Authority were not available for inclusion with the primary government financial statements at the date of our audit.

Additionally, financial statements for the Comanche County Nutrition Project Authority were not compatible for inclusion with the primary government financial statements at the date of our audit. The Authority's financial statements were prepared on a cash basis of accounting.

Effect: The financial position or activity of the component units could not be included in the financial statements by the County.

Recommendation: We recommend the County require auditors and financial preparers of the above component units to prepare and present their financial statements compatible for inclusion with the financial statements of the County, on the accrual basis of accounting, in a timely manner, so that they may be included in accordance with GASB 14.

COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

SECTION 3 – Federal Award Findings and Questioned Costs

Finding 2000-2 Cash Management

Criteria: OMB A-133 Compliance supplement, Part C states, "When funds are advanced, recipients must follow procedures to minimize the time elapsed between the transfer of funds from the U.S. Treasury and disbursements."

Condition: At the end of the 1999 fiscal year, the County had federal cash balances of \$212,908 on three BIA contracts that totaled approximately \$247,500. The County received additional advances on BIA contracts in the 2000 fiscal year including a \$300,000 payment on the Meers-Wolf Creek contract in July 1999. As of June 30, 2001, the County had federal cash on hand in the amount of \$212,908, according to County records.

Effect: Questioned costs are undetermined due to the possibility of excess in-kind matching expenditures by the County being reimbursed from the cash balance on hand.

However, it is possible that eventual questioned costs could exceed \$10,000, which makes this a material weakness in federal cash management and a reportable condition for the 2002 fiscal year.

Recommendation: The County should consult with BIA officials to receive authorization to apply the excess federal cash on hand to its excess in-kind matching expenditures, and if possible, to apply any additional cash balance on hand to current or future BIA projects, or to determine the dollar amount to be returned to the BIA.

Management Response



Board of County Commissioners

315 SW 5th St. Room 303 ♦ Lawton, Oklahoma 73501-4391
(580) 353-3717 ♦ FAX 357-9478

GAIL TURNER, District 1 ♦ DAVID POPE, District 2 ♦ LARRY BUCHWALD, District 3

December 2, 2002

State Auditor and Inspector
1401 Lera, Suite G
Weatherford, Ok 73096

Subject: Corrective Action Plan

Gentlemen:

In response to your recent letter for comment on the Auditors findings we have included the following.

Finding 96-1 General Fixed Assets

This information is in the process of being compiled.

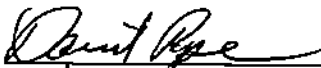
Finding 98-1 Component Unit

We will coordinate with the auditors of each unit to see that these recommendations are completed as suggested.


Finding 2000-2 Cash Management

We will structure a plan for future projects with the BIA officials for excess-in kind expenditures.

BOARD OF COUNTY COMMISSIONERS



David Pope, Chairman

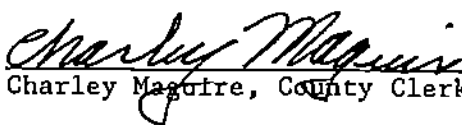


Larry Buchwald, Vice Chairman

ATTEST:



Gail Turner, Member



Charley Maguire, County Clerk