

City of Comanche, Oklahoma
Financial Statements
Year-End June 30, 2020

City of Comanche, Oklahoma
 TABLE OF CONTENTS
 For the Fiscal Year Ended June 30, 2020

	Page
FINANCIAL SECTION	
Independent Auditor’s Report	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Assets, Liabilities and Net Position– Modified Cash Basis	7
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	8
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balance-Modified Cash Basis Governmental Funds	9
Statement of Revenues, Expenditures, and Changes in Fund Balances-Modified Cash Basis- Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis- of Governmental Funds to the Statement of Revenues, Expenses and Changes in Net Position –Modified Cash Basis	11
Statement of Assets, Liabilities and Net Position – Modified Cash Basis – Proprietary Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Net Position- Modified Cash Basis- Proprietary Fund	13
Statement of Cash Flows –Modified Cash Basis Proprietary Fund	14
Notes to the Financial Statements	15
Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances-Modified Cash Basis - Budget and Actual: General Fund	37
Combining Statement of Assets, Liabilities and Fund Balance-Modified Cash Basis - Nonmajor Governmental Funds	39

City of Comanche, Oklahoma
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Modified Cash Basis – Nonmajor Governmental Funds	40
Combining Statement of Assets, Liabilities and Fund Balance-Modified Cash Basis -General Fund	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Modified Cash Basis – General Fund	42
Schedule of Expenditures of Federal and State Awards	43
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44
Schedule of Findings and Recommendations	46
Summary of Prior Year Findings	48
City’s Response to Findings	50



INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Comanche, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Comanche, Oklahoma as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I 2; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 *Governmental 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Comanche, Oklahoma, as of June 30, 2020, and the respective changes in financial position-modified cash basis, and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting described in Note I 2.

Basis of Accounting

We draw your attention to Note 1 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

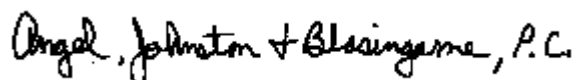
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Comanche, Oklahoma basic financial statements. The combining general fund, combining and individual nonmajor fund financial statements, and schedule of federal and state awards are presented for additional analysis and are not a required part of the basic financial statements.

The combining general fund, combining and individual nonmajor fund financial statements, and schedule of federal and state awards are the responsibility of management, and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general fund, combining and individual fund financial statements, and schedule of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison information on pages 39 and 40, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the City'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 effectiveness of the City of Comanche's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Chickasha, Oklahoma
February 25, 2021

BASIC FINANCIAL STATEMENTS

City of Comanche, Oklahoma
Government-Wide Statement of Assets, Liabilities and Net Position – Modified Cash Basis
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 348,660	\$ 14,164	\$ 362,824
Restricted Cash and Investments	-	347,526	347,526
Investments	26,559	185,372	211,931
Notes Receivable	-	55,351	55,351
Capital Assets			
Land			
and Construction in Progress	949,791	269,000	1,218,791
Capital Assets being depreciated, net	1,392,495	4,517,785	5,910,280
Total Assets	\$ 2,717,505	\$ 5,389,198	\$ 8,106,703
LIABILITIES			
Long-term Liabilities			
Due Within One Year	46,922	167,999	214,921
Due in More Than One Year	99,073	2,235,826	2,334,899
Total Liabilities	\$ 145,995	\$ 2,403,825	\$ 2,549,820
NET POSITION			
Net investment in capital assets	\$ 2,196,291	\$ 2,839,984	\$ 5,036,275
Restricted			
Capital Projects	100,581	-	100,581
Rural Development Loans	-	114,635	114,635
Drug Forfeiture	1,418	-	1,418
Cemetery	5,920	-	5,920
Retirees	26,559	-	26,559
Streets	18,716	-	18,716
Unrestricted	222,025	30,754	252,779
Total Net Position	\$ 2,571,510	\$ 2,985,373	\$ 5,556,883

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

City of Comanche, Oklahoma
Government-Wide Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 263,184	\$ 14,144	\$ 9,282	\$ -	\$ (239,758)	\$ -	\$ (239,758)
Highways and Streets	63,369	-	-	144,049	80,680	-	80,680
Public Safety	806,523	144,752	20	50,000	(611,751)	-	(611,751)
Health and Welfare	91,820	37,844	37,107	-	(16,869)	-	(16,869)
Culture and Recreation	109,524	25,622	-	-	(83,902)	-	(83,902)
Cemetery	93,905	35,380	-	-	(58,525)	-	(58,525)
Interest	4,116	-	-	-	(4,116)	-	(4,116)
Total Governmental Activities	<u>\$ 1,432,441</u>	<u>\$ 257,742</u>	<u>\$ 46,409</u>	<u>\$ 194,049</u>	<u>\$ (934,241)</u>	<u>\$ -</u>	<u>\$ (934,241)</u>
Business-Type Activities							
General Government	\$ 305,545	\$ -	\$ -	\$ -	\$ -	\$ (305,545)	\$ (305,545)
Electric	1,208,633	1,540,999	-	75,899	-	408,265	408,265
Water	395,368	329,530	-	45,000	-	(20,838)	(20,838)
Sewer	214,143	143,128	-	-	-	(71,015)	(71,015)
Sanitation	219,155	264,227	-	-	-	45,072	45,072
Economic Development	24	11,322	-	-	-	11,298	11,298
Golf Course	60,068	44,205	-	-	-	(15,863)	(15,863)
Total Business Type Activities	<u>\$ 2,402,936</u>	<u>\$ 2,333,411</u>	<u>\$ -</u>	<u>\$ 120,899</u>	<u>\$ -</u>	<u>\$ 51,374</u>	<u>\$ 51,374</u>
Total Primary Government	<u>\$ 3,835,377</u>	<u>\$ 2,591,153</u>	<u>\$ 46,409</u>	<u>\$ 314,948</u>	<u>\$ (934,241)</u>	<u>\$ 51,374</u>	<u>\$ (882,867)</u>
General Revenues							
Sales and Use Taxes					\$ 753,305	\$ -	\$ 753,305
Franchise Taxes					34,124	-	34,124
Motor Vehicle Taxes					13,709	-	13,709
Interest					669	17,089	17,758
Rents and Royalties					33,062	9,678	42,740
Miscellaneous					51,190	133,747	184,937
Gain (Loss) on Disposal of Assets					3,555	-	3,555
Transfers					272,710	(272,710)	-
Total General Revenues and Transfers					<u>\$ 1,162,324</u>	<u>\$ (112,196)</u>	<u>\$ 1,050,128</u>
Change in Net Position					\$ 228,083	\$ (60,822)	\$ 167,261
Net Position- Beginning					2,343,427	3,046,195	5,389,622
Net Position - Ending					<u>\$ 2,571,510</u>	<u>\$ 2,985,373</u>	<u>\$ 5,556,883</u>

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

City of Comanche, Oklahoma
Statement of Assets, Liabilities and Fund Balances– Modified Cash Basis
Governmental Funds
June 30, 2020

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
Assets				
Cash	\$ 58,448	\$ 209,161	\$ 81,053	\$ 348,662
Investments	26,559	-	-	26,559
Total Assets	\$ 85,007	\$ 209,161	\$ 81,053	\$ 375,221
Liabilities				
Fund Balances				
Restricted	\$ 27,977	\$ 100,581	\$ 24,636	\$ 153,194
Committed	-	-	2,196	2,196
Assigned	57,981	108,580	54,221	220,782
Unassigned	(951)	-	-	(951)
Total Fund Balances	85,007	209,161	81,053	375,221
Total Liabilities and Fund Balances	\$ 85,007	\$ 209,161	\$ 81,053	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	Capital Assets not being depreciated	\$ 949,791	
	Capital Assets being depreciated	4,143,732	
	Accumulated Depreciation	(2,751,237)	2,342,286
Long-term capital lease are not due and payable in the current period and accordingly are not reported as fund liabilities.			(145,995)
Net position of governmental activities.			\$ 2,571,512

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

City of Comanche, Oklahoma
Statement of Revenues, Expenditures and
Changes in Fund Balance – Modified Cash Basis – Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
REVENUE				
Taxes	\$ 565,781	\$ 221,648	\$ 13,709	\$ 801,138
Charges for Services	47,880	-	54,681	102,561
Interest	211	436	22	669
Rent and Royalties	11,922	-	-	11,922
License and Permits	8,805	-	-	8,805
Fines and Forfeitures	142,981	-	-	142,981
Intergovernmental	9,282	-	7,142	16,424
Grants	-	50,000	17,138	67,138
Miscellaneous	75,105	1,331	21,782	98,218
Total Revenue	<u>\$ 861,967</u>	<u>\$ 273,415</u>	<u>\$ 114,474</u>	<u>\$ 1,249,856</u>
EXPENDITURES				
Current				
General Government	\$ 214,230	\$ -	\$ -	\$ 214,230
Highways and Streets	487	-	6,780	7,267
Public Safety	713,741	-	7,287	721,028
Cemetery	76,233	-	-	76,233
Culture and Recreation	88,938	-	63,091	152,029
Capital Outlay				
General Government	-	101,838	-	101,838
Cemetery	-	444	10,589	11,033
Culture and Recreation	-	27,308	-	27,308
Public Health and Welfare	-	50,224	-	50,224
Public Safety	-	64,720	15,136	79,856
Highways and Streets	-	11,548	27,260	38,808
Debt Service				
Principal	20,314	24,033	-	44,347
Interest	2,918	1,198	-	4,116
Total Expenditures	<u>\$ 1,116,861</u>	<u>\$ 281,313</u>	<u>\$ 130,143</u>	<u>\$ 1,528,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (254,894)</u>	<u>\$ (7,898)</u>	<u>\$ (15,669)</u>	<u>\$ (278,461)</u>
Other Financing Sources				
Transfers In	496,787	45,000	50	541,837
Transfers Out	(166,965)	(45,000)	-	(211,965)
Total Other Financing Sources	<u>\$ 329,822</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 329,872</u>
Net Change in Fund Balances	\$ 74,928	\$ (7,898)	\$ (15,619)	\$ 51,411
Fund Balances - Beginning	<u>10,079</u>	<u>217,059</u>	<u>96,672</u>	<u>323,810</u>
Fund Balances - Ending	<u>\$ 85,007</u>	<u>\$ 209,161</u>	<u>\$ 81,053</u>	<u>\$ 375,221</u>

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

City of Comanche, Oklahoma
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance – Modified Cash Basis – Governmental Funds
 to the Statement of Revenue, Expenses and Changes in Net Position – Modified Cash Basis
 For the Year Ended June 30, 2020

Amounts reported for governmental activities
 in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 51,411
--	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	175,634
--	---------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>7,083</u>
--	--------------

Change in net position of governmental activities.	<u>\$ 228,084</u>
--	-------------------

City of Comanche, Oklahoma
Statement of Assets, Liabilities, Net Position – Modified Cash Basis – Proprietary Funds
June 30, 2020

	Enterprise Funds		
	Comanche Utilities Authority	Comanche Land Management Authority	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalent	\$ -	\$ 14,162	\$ 14,162
Restricted Cash and Cash Equivalent	116,685	-	116,685
Current Investment	-	-	-
Current Restricted Investment	19,317	-	19,317
Due from Other Funds	-	-	-
Current Note Receivable	26,874	-	26,874
Total Current Assets	<u>\$ 162,876</u>	<u>\$ 14,162</u>	<u>\$ 177,038</u>
Noncurrent Assets			
Restricted Cash	205,088	-	205,088
Restricted Investments	6,436	-	6,436
Investments	185,372	-	185,372
Note Receivable	28,477	-	28,477
Capital Assets			
Land and Construction in Progress	108,000	161,000	269,000
Other Capital Assets, Net of Depreciation	4,477,254	40,531	4,517,785
Total Noncurrent Assets	<u>\$ 5,010,627</u>	<u>\$ 201,531</u>	<u>\$ 5,212,158</u>
Total Assets	<u>\$ 5,173,503</u>	<u>\$ 215,693</u>	<u>\$ 5,389,196</u>
LIABILITIES			
Current Liabilities			
Cash Overdraft	-	-	-
Refundable Deposits	20,000	500	20,500
Notes Payable - Current	147,999	-	147,999
Total Current Liabilities	<u>\$ 167,999</u>	<u>\$ 500</u>	<u>\$ 168,499</u>
Noncurrent Liabilities			
Refundable Meter Deposits	101,642	-	101,642
Notes Payable	2,133,684	-	2,133,684
Total Noncurrent Liabilities	<u>2,235,326</u>	<u>-</u>	<u>2,235,326</u>
Total Liabilities	<u>\$ 2,403,325</u>	<u>\$ 500</u>	<u>\$ 2,403,825</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,638,453	201,531	2,839,984
Restricted for Rural Development Loans	114,635	-	114,635
Unrestricted	17,090	13,662	30,752
Total Net Position	<u>\$ 2,770,178</u>	<u>\$ 215,193</u>	<u>\$ 2,985,371</u>

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

City of Comanche, Oklahoma
Statement of Revenue, Expenses and Changes in Net Position – Modified Cash Basis – Proprietary
Funds
For the Year Ended June 30, 2020

	Enterprise Funds		
	Comanche Utilities Authority	Comanche Land Management Authority	Totals
Operating Revenues:			
Electric	\$ 1,456,812	\$ -	1,456,812
Water	340,681	-	340,681
Sewer	143,128	-	143,128
Sanitation	264,227	-	264,227
Fees and Penalties	107,050	-	107,050
Rental	-	21,066	21,066
Golf Course	-	44,204	44,204
Miscellaneous	145,591	-	145,591
Total Operating Revenue	<u>\$ 2,457,489</u>	<u>\$ 65,270</u>	<u>\$ 2,522,759</u>
Operating Expenses:			
Sanitation Services	219,155	-	219,155
Water	370,368	-	370,368
Electric	1,076,760	-	1,076,760
Line Maintenance	210,928	-	210,928
General Administration	305,153	2,502	307,655
Golf Course	-	60,068	60,068
Field of Dreams	-	24	24
Total Operating Expenses	<u>\$ 2,182,364</u>	<u>\$ 62,594</u>	<u>\$ 2,244,958</u>
Operating Income (Loss)	<u>\$ 275,125</u>	<u>\$ 2,676</u>	<u>\$ 277,801</u>
Nonoperating Revenues (Expenses):			
Interest Income	17,086	3	17,089
Interest Expense	(83,005)	-	(83,005)
Total Nonoperating Revenues (Expenses)	<u>\$ (65,919)</u>	<u>\$ 3</u>	<u>\$ (65,916)</u>
Income (loss) before contributions and transfers	209,206	2,679	211,885
Capital Contributions	54,162	3,000	57,162
Transfers In	118,883	-	118,883
Transfers Out	(443,757)	(5,000)	(448,757)
Net Change in Net Position	<u>\$ (61,506)</u>	<u>\$ 679</u>	<u>\$ (60,827)</u>
Total Net Position - Beginning	2,831,684	214,514	3,046,198
Total Net Position- Ending	<u>\$ 2,770,178</u>	<u>\$ 215,193</u>	<u>\$ 2,985,371</u>

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

City of Comanche, Oklahoma
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds		Totals
	Comanche Utilities Authority	Comanche Land Management Authority	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 2,465,101	\$ 65,270	\$ 2,530,371
Payments to Employees for Services	(433,656)	-	(433,656)
Payments to Vendors for Goods and Services	(1,458,672)	(61,414)	(1,520,086)
Net Cash Provided by Operating Activities	<u>\$ 572,773</u>	<u>\$ 3,856</u>	<u>\$ 576,629</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Transfers from Other Funds	\$ 118,883	\$ -	\$ 118,883
Cash Received from Nonoperating Grants	-	-	-
Interfund Transfers to Other Funds	(432,115)	(5,000)	(437,115)
Net Cash Used by Noncapital Financing Activities	<u>\$ (313,232)</u>	<u>\$ (5,000)</u>	<u>\$ (318,232)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	\$ (111,494)	\$ (4,754)	\$ (116,248)
Principal Paid on Capital Debt	(141,231)	-	(141,231)
Interest Paid on Capital Debt	(83,005)	-	(83,005)
Net Cash Used by Capital Financing Activities	<u>\$ (281,568)</u>	<u>\$ (4,754)</u>	<u>\$ (286,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	\$ 17,086	\$ 3	\$ 17,089
Economic Development Program Loan Payments	27,977	-	27,977
Cash Received from Restricted Accounts	(139)	-	(139)
Cash Received from Sale of Investments	18,165	-	18,165
Net Cash Provided by Investing Activities	<u>\$ 63,089</u>	<u>\$ 3</u>	<u>\$ 63,092</u>
Net Increase in Cash and Cash Equivalents	\$ 41,062	\$ (5,895)	\$ 35,167
Cash and Cash Equivalents, Beginning of Year	75,623	17,057	92,680
Cash and Cash Equivalents, End of Year	<u>\$ 116,685</u>	<u>\$ 11,162</u>	<u>\$ 127,847</u>
As shown on the Statement of Financial Position			
Cash and Cash Equivalent	\$ -	\$ 14,162	\$ 14,162
Restricted Cash and Cash Equivalent	116,685	-	116,685
	<u>\$ 116,685</u>	<u>\$ 14,162</u>	<u>\$ 130,847</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 275,125	\$ 2,676	\$ 277,801
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	290,037	1,180	291,217
Change in Customer Deposits	7,611	-	7,611
Total Adjustments	<u>297,648</u>	<u>1,180</u>	<u>298,828</u>
Net Cash Provided by Operating Activities	<u>\$ 572,773</u>	<u>\$ 3,856</u>	<u>\$ 576,629</u>

Comanche Utilities Authority received \$54,162 respectively, of contributed assets through governmental funds.

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

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

11. The Reporting Entity

The City of Comanche, Oklahoma, (the City) is a charter city operating under a Council-Manager form of government authorized by the charter and Title 11 of the Oklahoma statutes. The governing body of the City is the City Council comprised of five elected members. The appointed City Manager is the administrative head of the City.

The accompanying financial statements present the City of Comanche and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Units

The Comanche Utilities Authority (CPWA) was created February 9, 1971, for the use and benefit of the beneficiary, City of Comanche, to furnish, construct, administer and finance any public works facilities or improvements for public purposes under the laws of the State of Oklahoma. The City Council of the City of Comanche acts as the Board of Trustees of the Comanche Utilities Authority. The rates for user charges and bond issuance authorizations are approved by the government council and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Authority is reported as an enterprise fund.

The Comanche Land Management Authority (CMLA) was created November 14, 2017 benefit of the beneficiary, City of Comanche, to made the most efficient use of all economic resources and powers to lessen burdens on government and to stimulate economic growth and development. . The City Council of the City of Comanche acts as the Board of Trustees of CMLA. Debt issuance authorizations would be approved by the government council. The Authority is reported as an enterprise fund.

12. Government-wide and fund financial statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of assets, liabilities and net position – modified cash basis and the statement of revenues, expenses and changes in net position – modified cash basis) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

The statement of revenues, expenses and changes in net position – modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The City has the following program revenues in each activity:

- General Government – license and permits
- Highways and Streets –capital grants
- Public Safety – fines and forfeitures, rural fire district dues, donations, restricted grants
- Economic Development – restricted grants
- Health and Welfare –fees for meals, restricted grants
- Culture and Recreation – hunting and fishing, camping and rental fees
- Cemetery – cemetery openings/closings and lot sales

Taxes and other items not properly included among program revenues are reported instead as *general revenues* even if restricted for a specific purpose.

The government-wide financial statements of the City are presented using the economic resource measurement focus within the limitations of the modified cash basis of accounting, which is a basis other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of assets, liabilities and net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such modifications include the following:

- Investments, interfund receivables and payables, notes receivable are recorded when cash transaction occurs.
- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred.
- Grants that result in an in-substance cash transaction are reported as income and expense when spent.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in each fund-type financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds focus on a current financial resources measurement within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the statement of assets, liabilities and fund balance. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The City reports the following major government funds which are displayed in separate columns:

General Fund - is the Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund also includes internal funds formally accounted for as special revenue funds: emergency services, grants, abatement, pension retirement, hunting and fishing, fire grant, drug forfeitures, court, Gayle Ashbury fund, and special projects fund.

Capital Improvement Fund - is a capital projects fund which accounts for dedicated sales tax and other restricted revenue sources to be used for capital improvements.

Aggregated Nonmajor Governmental Funds (reported as other governmental funds):

- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenues restricted by State law for cemetery capital improvements
- Rural Fire – accounts for annual dues assessments
- Street and Alley.- accounts for State shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes.

The City reports the Comanche Utilities Authority (CPWA) and the Comanche Land Management Authority (CLMA) as proprietary funds. CPWA accounts for the activities related to the provision of electric, water sewer and sanitation services to businesses and residents. CPWA also has an economic development revolving loan fund. It operates the water and sewer treatment plants, water distribution system, sewer collections systems and pump stations. CLMA accounts for activities related to operation of the golf course and

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

economic development.

Proprietary funds utilize an economic resources measurement focus within the limitations of modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position and cash flows. All assets, deferred outflows, liabilities and deferred inflows are generally reported within the limitations of the modified cash basis of accounting.

Major Fund: Comanche Utilities Authority (CPWA) – accounts for the operation of the electric, water, sewer, and sanitation activities. Comanche Land Management Authority (CLMA) accounts for operations of the golf course and other economic development.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

III. Deposits and investments

For purposes of the statement of cash flows, the City considers short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents

Oklahoma Statutes authorize the City to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposits of financial institutions located in the state of Oklahoma or fully-insured certificates of deposits of financial institutions located outside the state; savings accounts, and county, municipal or school district general obligation debt.

The City does not have a specific policy limiting the concentration amount that may be invested with one issuer. The City has no formal policy on managing credit risk.

Public trusts created under Oklahoma Statutes Title 60 are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture. CPWA and CLMA have no specific policy but follow the state statutes for the City.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

II2. Interfund transactions

Interfund receivables and payables arise from interfund transactions and are recorded in the period transacted. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

II3. Restricted assets

Certain proceeds of the Authority's notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of assets, liabilities and net position – modified cash basis because they are maintained in separate bank accounts and their use is limited by applicable loan covenants. The debt service reserve accounts are used to report resources set aside to make debt payments, make up potential futures deficiencies, or to meet unexpected contingencies or to fund asset renewals and replacements. Funds remaining in the project accounts are restricted for capital improvements. Customer utility deposits, refunded upon termination of service or applied to final bill, and Rural Enterprise revolving loan funds are also reported as restricted cash.

II4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	25
System infrastructure	30
Vehicles	5
Machinery and equipment	10

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

II5. Fund equity

Governmental Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. City of Comanche, Oklahoma did not have any nonspendable resources as of June 30, 2020.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. City of Comanche, Oklahoma has restricted resources by state law and from grants as of June 30, 2020.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal ordinance or resolution of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by City of Comanche, Oklahoma's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the council delegating this responsibility to the manager through the budgetary process.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

As of June 30, 2020, governmental fund balances are composed of the following:

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Restricted				
Capital Projects	\$ -	\$ 100,581	\$ -	\$ 100,581
Cemetery	-	-	5,920	5,920
Retirees	26,559	-	-	26,559
Drug Forfeiture	1,418	-	-	1,418
Rural Development Loans	-	-	-	-
Streets	-	-	18,716	18,716
				<u>153,194</u>
Committed				
Rural Fire Department	-	-	2,196	2,196
				<u>2,196</u>
Assigned				
Public Safety	21,617	-	-	21,617
Capital Projects	-	108,580	-	108,580
Rural Fire Department	-	-	33,818	33,818
Streets	-	-	1,081	1,081
Cemetery	-	-	2,754	2,754
Hunting and Fishing	16,177	-	-	16,177
Court	20,187	-	-	20,187
Citizens Center	-	-	16,568	16,568
				<u>220,782</u>
Unassigned	(951)	-	-	(951)
	<u>\$ 85,007</u>	<u>\$ 209,161</u>	<u>\$ 81,053</u>	<u>\$ 375,221</u>

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The City would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Proprietary Fund Balance Classification: The proprietary funds classify net position in the same manner as the government-wide financial described in the next paragraph.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

II6. Government-wide Net Position

Government-wide Net Position are divided into three components:

- Net investment in capital assets– consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – consist of net position that are restricted by creditors, by the state enabling legislation, by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position are reported in this category.

It is the City’s policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

II7. Sales Tax Revenue

Sales tax revenue represents a 4 cent tax on each dollar of taxable sales of which one and a half cents is voter restricted for the capital improvements fund and one-half cent is transferred to the water sales tax fund for debt service. In February, 2013, the Stephens County voters approved an additional .15 percent of 1% sales tax with the proceeds to go the fire departments and senior centers in the county. Increase started April 1, 2013 through March 30, 2020.

II8. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

III1. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation of the difference between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 375,847
Depreciation Expense	(200,212)
	<u>\$ 175,635</u>

IV. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component unites are subject to various federal, state and local laws and contractual requirements. The following instances of noncompliance are considered material to the financial statements.

IV1. Budgetary Noncompliance

For the year ended June 30, 2020, expenditures exceeded appropriations at the legal level of control in individual funds as follows:

<u>Fund</u>	<u>Department</u>	<u>Expenditures Exceeding Appropriations</u>
General Fund		
	City Treasurer	2,045
	Highway and Streets	3,564

V. BUDGETARY INFORMATION

The city manager submits an annual budget to the City Council in accordance with the City Charter and the Oklahoma Municipal Budget Act. In June the City Council adopts annual fiscal year appropriated budgets for all city funds.

The appropriated budget is prepared by fund, department and categories (personnel services, materials and supplies, other services and charges, capital outlay, debt services and transfers). Transfers of appropriations between departments within a fund require the approval of the City Manager. Transfers of appropriations between funds and supplements to the budget require City Council approval. The legal level of budgetary control is the department level within a fund. Supplemental appropriations must be filed with the Office of State Auditor and Inspector.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

VI. DEPOSITS

Deposit Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City follows state statutes regarding custodial credit risk which requires collateral for all deposits in excess of Federal Deposit Insurance. At June 30, 2020, the bank balance was \$580,114. The City was not exposed to custodial credit risk as of June 30, 2020.

VII. INVESTMENTS

The City's investments at June 30, 2020, are presented as follows:

Investment Type	Cost	Investment Maturities (in year)			
		Less Than 1	1-5	6-10	10-15
Annuity	\$ 211,125	\$ 19,317	\$ 113,394	\$ 78,414	\$ -
Money Market Mutual Fund	26,559	26,635	-	-	-
	<u>\$ 237,684</u>	<u>\$ 45,952</u>	<u>\$ 113,394</u>	<u>\$ 78,414</u>	<u>\$ -</u>

These investments are not securities therefore are not subject to custodial credit risk and are unrated. The City does not have a specific policy regarding investment credit risk. The City places no limit on the amount that may be invested in one issuer.

VIII. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Reclassification	Increases	Decreases	Ending Balance
Primary Government					
<i>Government Activities:</i>					
<i>Capital assets, not being depreciated</i>					
Land	\$ 737,611	\$ -	\$ -	\$ -	\$ 737,611
Construction in progress	-	-	212,180	-	212,180
Total capital assets, not being depreciated	<u>737,611</u>	<u>-</u>	<u>212,180</u>	<u>-</u>	<u>949,791</u>
<i>Capital assets, being depreciated</i>					
Buildings	1,507,796	-	-	-	1,507,796
Vehicles	625,682	-	106,183	50,418	681,447
Machinery and Equipment	1,045,323	-	52,359	5,744	1,091,938
Infrastructure	857,425	-	5,126	-	862,551
Total capital assets, being depreciated	<u>4,036,226</u>	<u>-</u>	<u>163,668</u>	<u>56,162</u>	<u>4,143,732</u>
Less Accumulated Depreciation	<u>2,601,143</u>	<u>-</u>	<u>200,212</u>	<u>50,118</u>	<u>2,751,237</u>
Total capital assets, being depreciated, net	<u>1,435,083</u>	<u>-</u>	<u>(36,544)</u>	<u>6,044</u>	<u>1,392,495</u>
Governmental activities capital assets, net	<u>2,172,694</u>	<u>-</u>	<u>175,636</u>	<u>6,044</u>	<u>2,342,286</u>

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

	Beginning Balance	Reclassification	Increases	Decreases	Ending Balance
<i>Business-type Activities:</i>					
<i>Capital assets, not being depreciated</i>					
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Land	269,000	-	-	-	269,000
Total capital assets, not being depreciated	<u>269,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,000</u>
<i>Capital assets, being depreciated</i>					
Buildings	333,799	-	39,331	-	373,130
Vehicles	211,853	-	-	-	211,853
Machinery and Equipment	283,063	-	33,457	-	316,520
Water Storage Rights	946,641	-	-	-	946,641
Infrastructure	7,088,787	-	43,460	-	7,132,247
Total capital assets, being depreciated	<u>8,864,143</u>	<u>-</u>	<u>116,248</u>	<u>-</u>	<u>8,980,391</u>
Less Accumulated Depreciation	<u>4,171,388</u>	<u>-</u>	<u>291,218</u>	<u>-</u>	<u>4,462,606</u>
Total capital assets, being depreciated, net	<u>4,692,755</u>	<u>-</u>	<u>(174,970)</u>	<u>-</u>	<u>4,517,785</u>
Business activities capital assets, net	<u>4,961,755</u>	<u>-</u>	<u>(174,970)</u>	<u>-</u>	<u>4,786,785</u>
Total Primary Government	<u>\$ 7,134,449</u>	<u>\$ -</u>	<u>\$ 666</u>	<u>\$ 6,044</u>	<u>\$ 7,129,071</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:	
General government	\$ 27,302
Public safety	82,354
Culture and recreation	23,489
Highways and streets	53,304
Cemetery	<u>13,763</u>
Total depreciation expense - governmental activities	<u>\$ 200,212</u>
Business-type activities	
Water	\$ 101,466
Line Maintenance	66,952
Electric	113,131
Administration	<u>9,669</u>
Total depreciation expense - business-type activities	<u>\$ 291,218</u>

IX. INTERNAL BALANCES AND INTERFUND TRANSFERS
Interfund transfers as of June 30 consisted of the following:

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

Transfer To	Transfer From	Amount	Purpose
General Fund	Comanche Utilities Authority	\$ 398,705	Operating
Comanche Utilities Authority	General Fund	73,885	Sales tax pledged for debt
General Fund	Drug Forfeiture	1,418	Operating
Rural Fire	Comanche Utilities Authority	50	Christmas decorations
Capital Improvement	Water Sales Tax	45,000	
General Fund	Comanche Land Management Authority	5,000	
Water Sales Tax	Capital Improvement	45,000	
General Fund	Court	44,910	Court activity
General Fund	Grants	1,500	Operating
Police Assets	Court	32,649	Capital Outlay
General Fund	Hunting and Fishing	3,230	Operating
Police Assets	General Fund	9,375	Operating
Total		<u>\$ 660,722</u>	

Reconciliation to fund financial statements:

	Transfers In	Transfers Out	Capital Contribution	Net
Government Funds	\$ 541,837	\$ (211,965)	\$ (57,162)	\$ 272,710
Proprietary Funds	118,885	(448,757)	57,162	(272,710)
	<u>\$ 660,722</u>	<u>\$ (660,722)</u>	<u>\$ -</u>	<u>\$ -</u>

X. LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental Activities					
Capital Lease Obligations	\$ 153,079	\$ 37,263	\$ 44,347	\$ 145,995	\$ 46,922
Business-Type Activities					
Notes Payable	\$ 1,637,000		\$ 97,000	\$ 1,540,000	\$ 101,000
Contracts Payable	785,914		44,229	741,685	46,999
	<u>2,422,914</u>	<u>-</u>	<u>141,229</u>	<u>2,281,685</u>	<u>147,999</u>
Meter Deposits	114,530	7,610	-	122,140	20,000
	<u>\$ 2,690,523</u>	<u>\$ 44,873</u>	<u>\$ 185,576</u>	<u>\$ 2,549,820</u>	<u>\$ 214,921</u>

X1 Governmental Activities

As of June 30, 2020, the long-term debt arising from cash transactions or events, payable from governmental fund resources consisted of the following:

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

Capital Note Obligations

\$113,028 capital note with a financial institution for three vehicles, down payment of \$10,000, payable in monthly installments of \$1,865, including interest of 3.27%, final payment December, 2023	\$ 73,920
\$63,084 capital note with a financial institution for two vehicles payable in monthly installments of \$1,105 including interest of 1.99%, final payment December, 2020	6,592
\$56,000 capital note with a financial institution for a vehicle payable in monthly installments of \$998 including interest of 2.65%, final payment Dec., 2022	28,926
\$37,263 capital note with a financial institution for a vehicle payable in monthly installments of \$851 including interest of 4.555%, final payment May, 2024	<u>36,557</u> <u>\$ 145,995</u>

The annual debt service requirements to maturity, including principal and interest, for governmental activities debt as of June 30, 2020, are as follows:

Year Ending	Total	Principal	Interest
June 30			
2021	\$ 51,192	\$ 46,922	\$ 4,270
2022	44,561	41,713	2,848
2023	38,576	37,127	1,449
2024	20,550	20,233	317
	<u>\$ 154,879</u>	<u>\$ 145,995</u>	<u>\$ 8,884</u>

Leased vehicles and equipment under capital leases in capital assets at June 30, 2020, include the following

Machinery and equipment	\$ 79,770
Vehicles	216,476
less accumulated depreciation	<u>(103,202)</u>
	<u>\$ 193,044</u>

X2 Business-Type Activities

As of June 30, 2020, the long-term debt arising from cash transactions or events, payable from proprietary fund resources consisted of the following:

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

Type of Indebtedness(purpose)	Maturity	Interest Rates	Annual Installments	Original Issue Amount	Outstanding at June 30, 2020
<u>Direct Borrowings</u>					
		3.46% to Nov.2015 then variable			
Utility System Revenue Note Series 2017 (financed costs of upgrade to electric system)	November, 2032		Variable	1,775,000	1,540,000
Waurika Lake Master Conservancy District (WLMCD) (financed costs of water storage facility)	October, 2026	3.46%	3,228	69,964	17,722
Waurika Lake Master Conservancy District (WLMCD) (financed costs of water storage conveyance)	August, 2030	3.46%	29,504	394,733	250,921
Waurika Lake Master Conservancy District (WLMCD) (financed costs of water storage facility)	September, 2035	4.23%	34,980	481,944	341,346
Waurika Lake Master Conservancy District (WLMCD) (financed costs of silt removal)	October, 2035	3.76%	Variable	158,243	131,696
					<u>\$ 2,281,685</u>

Interest expense of \$83,006 has been included as part of the water expenses.

As of June 30, 2020, annual debt service requirements of the business-type activities to maturity are as follows:

Year Ending	Direct Borrowings					
	Revenue Note Series 2017		WLMCD		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2021	101,000	51,510	46,999	28,788	147,999	80,298
2022	105,000	48,042	48,695	26,968	153,695	75,010
2023	108,000	44,438	50,654	25,079	158,654	69,517
2024	111,000	40,749	52,592	23,114	163,592	63,863
2025	115,000	36,941	54,564	21,073	169,564	58,014
2026-2030	638,000	122,774	297,658	72,515	935,658	195,289
2031-2035	362,000	18,683	186,336	21,921	548,336	40,604
2036	-	-	4,187	29	4,187	29
	<u>\$ 1,540,000</u>	<u>\$ 363,137</u>	<u>\$ 741,685</u>	<u>\$ 219,487</u>	<u>\$2,281,685</u>	<u>\$ 582,624</u>

The contracts payable with Waurika Lake Master Conservancy District (District) provide the City with a share of the District's water supply and the City pays its share of the costs of the facilities and operations of the District. The contract contains a rate covenant to maintain in each fiscal year, a schedule of rates, fee and charges of its System sufficient to provide annual net revenues available for debt service equal to at least 125% of the maximum annual amount of the Comanche portion of debt service for such fiscal year. In the event of default, the District has the ability to levy property assessments to pay the obligations.

The City has pledged future water revenues to secure the debt to the District. At year-end pledged revenues totaling \$961,172, which is the amount of remaining principal and interest outstanding on the District debt. Annual principal and interest on the District debt is

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

expected to require approximately 26% of annual water revenues.

The revenue note has a pledge of CPWA net revenue equal to 125% of annual principal and interest requirements. At year-end future pledged revenues on this debt total \$1,903,137 which is the amount of remaining principal and interest outstanding on the revenue note debt. Annual principal and interest on the revenue note debt is expected to require approximately 27% of net annual CPWA revenues.

The revenue note payable is secured by a pledge of revenues generated by the water, sanitary sewer, garage and electric systems. In the event of default, the trustee and bondholders have the right to accelerated payment of the principal and interest accrued, appointment of temporary trustees to take over, operate and maintain the System on a profitable basis and ensure the payment of principal and interest.

XI. RESTRICTED ASSETS

Restricted cash as of June 30, 2020 is as follows:

Funds restricted for debt service reserves	
2017 Revenue Note	\$ 38,784
Waurika Lake Master Conservancy District Debt	63,154
	\$ 101,938
Funds restricted for other purposes	
Meter deposits	121,642
Rural development loans	59,284
Capital Improvements	64,662
	\$ 347,526
As shown on proprietary statement of financial position	
Current restricted cash	\$ 136,002
Noncurrent restricted cash	211,524
	\$ 347,526

XII. PENSION PLANS

XIII Defined Contribution Plan (City of Comanche Retirement Plan)

The City provides retirement benefits to its full-time employees, other than employees covered by a state plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer contributions are 3.35% or 5.12%, depending upon the employee group. All employees are eligible and there are no minimum age or service requirements. Employees are required to contribute 3.12, 4.12 or 5.12% of compensation. Contributions are vested over five years. During the past year, the City contributed \$14,369.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

XIII3 Oklahoma Firefighters Pension and Retirement Plan

Plan Description – The Oklahoma Firefighters Pension and Retirement Plan (The Plan) provides participants with retirement, death and disability benefits established by the State of Oklahoma. The plan is a multiple-employer, cost-sharing defined benefit pension plan covering members who have actively participated in firefighting activities for an entity which is a member of the plan. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the Plan. This financial report that can be obtained at <http://www.ok.gov/fprs/>.

Benefits Provided – In general, the Plan provides defined retirement benefits based on members' final average compensation, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by State statute. Retirement provisions are as follows:

- *Normal Retirement*

- Hired Prior To November 1, 2013

- Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

- Hired After November 1, 2013

- Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

- *Disability*

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for those firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disability not-in-line-of duty, the benefit is limited to only those with less than 20 years of service and is

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

- *Death Benefit*

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

- *Terminations*

Hired Prior To November 1, 2013

A member who terminates after 10 years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50, or when the member would have completed 20 years of service, whichever is later, provided the member's contribution accumulation is not withdrawn. Members terminating with less than 10 years of credited service may elect to receive a refund of their contribution accumulation without interest.

Hired After November 1, 2013

A member who terminates after 11 years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50, or when the member would have completed 22 years of service, whichever is later, provided the member's contribution accumulation is not withdrawn. Members terminating with less than 11 years of credited service may elect to receive a refund of their contribution accumulation without interest.

Contributions – The contribution requirements of the Plan are at an established rate determined Oklahoma statute and are not based on actuarial calculations.. Each member employers contributes 14% of the actual base salary of each participant employed. Each participant contributes 9% of their base salary. In addition, member employers contribute \$60 for each volunteer firefighter unless their annual income to the general fund is less than \$25,000, in which case they are exempt. Additional funds are provided by the State of Oklahoma, a non-employer contributing entity, through 36% allocation of the tax on premiums collected by insurance companies operating in Oklahoma and by the net investment income generated on assets held by the Plan. The City's contribution to the plan for the year ended June 30, 2020 was \$22,781 for regular firefighters.

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

XIII4 Oklahoma Police Pension and Retirement

Plan Description – The Oklahoma Police Pension and Retirement Plan (The Plan) provides participants with retirement, death and disability benefits and a deferred option plan, established by the State of Oklahoma. The plan is a multiple-employer, cost-sharing defined benefit pension plan covering members who have actively participated in being a police officer for an Oklahoma municipality or state agency which is a member of the plan.

The ability to establish and amend benefit provisions is the responsibility of the state legislature. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the Plan. The Plan issues a publicly available financial report that can be obtained at <http://www.ok.gov/opprs/>.

Benefits Provided – In general, the Plan provides defined retirement benefits based on members' final average compensation, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by State statute. Retirement provisions are as follows:

- The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.
- Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.
- Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment.

- Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.
- Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit. Effective July 1, 1999, a \$5,000 death benefit is also paid, in addition to any survivor's pension benefits under the Plan, to the participant's beneficiary or estate for active or retired members.
- The Deferred Option allows participants otherwise eligible for a normal retirement benefit to defer terminating employment and drawing retirement benefits for a period not to exceed 5 years. Under the Deferred Option, retirement benefits are calculated based on compensation and service at the time of election and a separate account is established for each participant. During the participation period, the employee's retirement benefit is credited to the participant's account along with a portion of the employer's contribution and interest. Interest is credited at a rate of 2% below the rate of return on the investment portfolio of the Plan, with a guaranteed minimum interest equal to the assumed actuarial interest of 7.5%. Employee contributions cease once participation in the Deferred Option is elected. At the conclusion of participation in the Deferred Option, the participant will receive the balance in the separate account under payment terms allowed by the Deferred Option and will then begin receiving retirement benefit payments as calculated at the time of election.
 - In the 2003 Legislative Session, Senate Bill 688 and House Bill 1464 created a "Back" DROP for members of the Plan. The "Back" DROP is a modified deferred retirement option plan. The "Back" DROP allows the member flexibility by not having to commit to terminate employment within 5 years. Once a member has met their normal retirement period of 20 years, the member can choose, upon retirement, to be treated as if the member had entered into the "Back" DROP. A member, however, cannot receive credit to the "Back" DROP account based upon any years prior to when the member reached their normal retirement date. Once a member is ready to retire, the member can make the election to participate in the "Back" DROP and can receive a "Back" DROP benefit based upon up to 5 years of participation. The member's regular retirement benefit will not take into account any years of service credited to the "Back" DROP.
- In 2006, the Board approved a method of payment called the Deferred Option Payout Provision (the "Payout Provision"). The Payout Provision allows a

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

retired member who has completed participation in the Deferred Option or the “Back” DROP the ability to leave their account balance in the Plan. The retired member’s account balance will be commingled and reinvested with the total assets, and therefore the member will not be able to direct their personal investments. Written election must be made to the Board no more than 30 days following the termination of employment.

●
Upon participating in the Payout Provision, a retired member shall not be guaranteed a minimum rate of return on their investment. A retired member shall earn interest on their account as follows:

- a) The retired member shall earn two percentage points below the net annual rate of return of the investment portfolio of the Plan.
- b) If the portfolio earns less than a 2% rate of return, but more than zero, the retired member shall earn zero percentage points
- c) If the portfolio earns less than zero percentage points, there shall be a deduction from the retired member’s balance equal to the net annual rate of return of the investment portfolio of the Plan.
- d) Interest as earned above shall be credited to the retired member’s account.

The Oklahoma Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the Plan. Additionally, certain retirees are entitled to receive a cost-of-living adjustment (COLA) when a COLA is granted to active police officers in the retiree’s city. Participants eligible to receive both types of benefit increases are to receive the greater of the legislative increase or the benefit increase the participant would receive pursuant to the COLA provision.

Contributions – The contribution requirements of the Plan are at an established rate determined Oklahoma statute and are not based on actuarial calculations. An eligible municipality may join the plan on the first day of any month. Upon approval, its membership is irrevocable. All persons employed as police officers are required to participate in the Plan upon initial employment. Each municipality contributes 13% of the actual base salary of each participant employed. Each participant contributes 8% of their base salary. Additional funds are provided by the State of Oklahoma, a non-employer contributing entity, through 14% allocation of the tax on premiums collected by insurance companies operating in Oklahoma and by the net investment income generated on assets held by the Plan. The City’s contribution to the plan for the year ended June 30, 2020 was \$25,931.

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Plan financial report that can be obtained at

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

<http://www.ok.gov/opprs/>.

XIII5 Defined Contribution Plan (City of Comanche Plan)

The City provides retirement benefits to its city manager. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer contributions are variable as determined by the City. Employee contribution is 5%. Contributions are fully vested immediately.. During the past year, the City contributed \$7,233.

XIII. COMMITMENTS AND CONTINGENCIES

XIII1 Commitments:

At June 30, 2020, the City had contractual commitments of \$45,41 for leases of golf carts and a LED sign. The City had outstanding purchase commitments for payments on water tower equipment and automated meter reading system software totaling \$16,932.

On November 30, 2020, the City signed a grant agreement in the amount of \$785,192 with Oklahoma Department of Transportation for a sidewalk grant. The Federal share is \$628,154 and the local commitment is \$157,038.

XIII2 Federal Programs

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The final acceptance of the audits of these programs including the year ended June 30, 2020, has not been given. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, the City expects such amounts, if any, to be immaterial.

XIV. RISK MANAGEMENT

The City is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance.

General Liability, Physical Property and Automobile Liability/Physical Damage - general liability, physical property and automobile liability/physical damage are insured through the Oklahoma Municipal Assurance Group (OMAG) risk entity pool. Deductibles

City of Comanche, Oklahoma
Notes to Financial Statements
June 30, 2020

range from \$0 to \$5,000. Risk of loss retained is limited to the excess of insurance liability coverage limits set by OMAG.

Workers' Compensation - Workers' compensation is insured through CompSource Oklahoma. Risk of loss retained is limited to the excess of insurance liability coverage limits set by CompSource Oklahoma.

Employee's Group Health and Life – Insured through the purchase of commercial insurance by Blue Cross and Blue Shield of Oklahoma

Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

XV. RELATED PARTY TRANSACTION

On February 1, 2017, CMLA entered into a loan with a company owned by the City Manager's wife. The amount of the loan was \$26,000 with monthly payments of \$455.72 over 60 months. The balance of the loan as of June 30, 2020 was \$10,666.

XVI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

City of Comanche, Oklahoma
Supplemental Schedule
Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis
Budget to Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUE				
Taxes	\$ 672,000	\$ 718,050	\$ 565,781	\$ (152,269)
Charges for Services	35,000	35,000	31,062	(3,938)
Interest	-	-	178	178
Oil and Gas Royalties	6,000	6,000	10,909	4,909
License and Permits	4,100	4,100	2,987	(1,113)
Fines and Forfeitures	7,800	7,800	13,636	5,836
Intergovernmental	-	-	9,282	9,282
Miscellaneous	56,000	56,000	74,331	18,331
Total Revenue	<u>\$ 780,900</u>	<u>\$ 826,950</u>	<u>\$ 708,166</u>	<u>\$ (118,784)</u>
EXPENDITURES				
Current				
General Government	\$ 142,050	\$ 144,150	\$ 126,227	\$ 17,923
City Manager	48,825	45,825	44,047	1,778
City Clerk	47,650	40,650	37,560	3,090
City Treasurer	4,100	4,250	6,295	(2,045)
Highways and Streets	3,500	500	487	13
Police	296,050	365,350	352,480	12,870
Animal Control	53,860	52,860	50,403	2,457
Fire	260,595	278,395	266,627	11,768
Cemetery	49,750	78,750	76,233	2,517
Parks	81,010	68,710	68,955	(245)
Total Expenditures	<u>\$ 987,390</u>	<u>\$ 1,079,440</u>	<u>\$ 1,029,314</u>	<u>\$ 50,126</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (206,490)</u>	<u>\$ (252,490)</u>	<u>\$ (321,148)</u>	<u>\$ (68,658)</u>
Other Financing Sources (Uses)				
Transfers In	\$ 432,490	\$ 432,490	\$ 454,763	\$ 22,273
Transfers Out	(226,000)	(180,000)	(83,259)	96,741
Total Other Financing Sources (Uses)	<u>\$ 206,490</u>	<u>\$ 252,490</u>	<u>\$ 371,504</u>	<u>\$ 119,014</u>
Net Change in Fund Balances	\$ -	\$ -	\$ 50,356	\$ 50,356
Fund Balance - Beginning	-	-	(49,889)	(49,889)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467</u>	<u>\$ 467</u>
Other funds combined with General			84,540	
Per Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 85,007</u>	

City of Comanche, Oklahoma
Notes to Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

1. Budgetary Information

Budgetary Basis of Accounting – Under the budgetary basis of accounting, revenues are recognized when they are received rather than earned. Purchases of materials, outside services and capital outlays are recognized as expenditures when the commitment to purchase is made (encumbered).

Prior to the end of the fiscal year, all department heads of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The City Council members meet with each of the department heads to review their needs estimates and requests. The City Council holds a public hearing at least 15 days prior to the beginning of the new fiscal year and a final budget must be prepared and adopted no later than 7 days prior to the beginning of the new fiscal year.

The appropriated budget is prepared by fund, department and categories (personal services, materials and supplies, other services and charges, capital outlay, debt service, and transfers). The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments and funds that do not increase the overall budget may be approved by the City Manager. The City Council must approve any budget supplement which increases the total appropriations for the City. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Budgetary Noncompliance – For the year ended June 30, 2020, the General Fund expenditures exceeded appropriations in the following departments: City Treasurer and Highway and Streets.

City of Comanche, Oklahoma
Supplemental Schedule
Combining Statement of Assets, Liabilities and Fund Balance – Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2020

	<u>Cemetery</u>	<u>Rural Fire</u>	<u>Nutrition Center</u>	<u>Street and Alley</u>	<u>Total</u>
Assets					
Cash	\$ 8,674	\$ 36,014	\$ 16,568	\$ 19,797	\$ 81,053
Total Assets	<u>\$ 8,674</u>	<u>\$ 36,014</u>	<u>\$ 16,568</u>	<u>\$ 19,797</u>	<u>81,053</u>
Liabilities					
Fund Balances					
Restricted	\$ 5,920	\$ -	\$ -	\$ 18,716	\$ 24,636
Committed	-	2,196	-	-	2,196
Assigned	2,754	33,818	16,568	1,081	54,221
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 8,674</u>	<u>36,014</u>	<u>\$ 16,568</u>	<u>\$ 19,797</u>	<u>\$ 81,053</u>
Total Liabilities and Fund Balances	<u>\$ 8,674</u>	<u>\$ 36,014</u>	<u>\$ 16,568</u>	<u>\$ 19,797</u>	<u>\$ 81,053</u>

City of Comanche, Oklahoma
Supplemental Schedule
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash
Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	<u>Cemetery</u>	<u>Rural Fire</u>	<u>Nutrition Center</u>	<u>Street and Alley</u>	<u>Total</u>
REVENUE					
Taxes	\$ -	\$ -	\$ -	\$ 13,709	\$ 13,709
Charges for Services	4,293	7,200	43,188	-	54,681
Interest	3	15	-	4	22
Miscellaneous	25	9,632	12,125	-	21,782
Intergovernmental	-	4,642	2,500	-	7,142
Grants	-	-	17,138	-	17,138
Total Revenue	<u>\$ 4,321</u>	<u>\$ 21,489</u>	<u>\$ 74,951</u>	<u>\$ 13,713</u>	<u>\$ 114,474</u>
EXPENDITURES					
Current					
Culture and Recreation		-	63,091	-	63,091
Highway and Street	-	-	-	6,780	6,780
Public Safety	-	7,287	-	-	7,287
Capital Outlay					
Highway and Street	-	-	-	27,260	27,260
Cemetery	10,589	-	-	-	10,589
Public Safety	-	15,136	-	-	15,136
Total Expenditures	<u>\$ 10,589</u>	<u>\$ 22,423</u>	<u>\$ 63,091</u>	<u>\$ 34,040</u>	<u>\$ 130,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,268)</u>	<u>\$ (934)</u>	<u>\$ 11,860</u>	<u>\$ (20,327)</u>	<u>\$ (15,669)</u>
Other Financing Sources					
Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	50	-	-	50
Total Other Financing Sources	<u>-</u>	<u>\$ 50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Net Change in Fund Balances	\$ (6,268)	\$ (884)	\$ 11,860	\$ (20,327)	\$ (15,619)
Fund Balances - Beginning	14,942	36,898	4,708	40,124	96,672
Fund Balances - Ending	<u>\$ 8,674</u>	<u>\$ 36,014</u>	<u>\$ 16,568</u>	<u>\$ 19,797</u>	<u>\$ 81,053</u>

City of Comanche, Oklahoma
 Supplemental Schedule
 Combining Statement of Assets, Liabilities and Fund Balance – Modified Cash Basis
 General Fund
 June 30, 2020

	<u>General</u>	<u>Grants</u>	<u>Pension Retirement</u>	<u>Hunting and Fishing</u>	<u>Police Asset</u>	<u>Municipal Court</u>	<u>Drug Forfeitures</u>	<u>Total</u>
Assets								
Cash	\$ 467	\$ -	\$ -	\$ 16,177	\$ 21,617	\$ 20,187	\$ -	\$ 58,448
Investments	-	-	26,559	-	-	-	-	26,559
Total Assets	\$ 467	\$ -	\$ 26,559	\$ 16,177	\$ 21,617	\$ 20,187	\$ -	\$ 85,007
Liabilities								
Cash Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances								
Restricted	\$ 1,418	\$ -	\$ 26,559	\$ -	\$ -	\$ -	\$ -	\$ 27,977
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	16,177	21,617	20,187	-	57,981
Unassigned	(951)	-	-	-	-	-	-	(951)
Total Fund Balances	\$ 467	\$ -	\$ 26,559	\$ 16,177	\$ 21,617	\$ 20,187	\$ -	\$ 85,007
Total Liabilities and Fund Balances	\$ 467	\$ -	\$ 26,559	\$ 16,177	\$ 21,617	\$ 20,187	\$ -	\$ 85,007

City of Comanche, Oklahoma
Supplemental Schedule
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis
General Fund
For the Year Ended June 30, 2020

	General	Grants	Pension Retirement	Hunting and Fishing	Police Asset	Municipal Court	Drug Forfeitures	Total
REVENUE								
Taxes	\$ 565,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565,781
License and Permits	2,987	-	-	5,818	-	-	-	8,805
Charges for Services	31,062	-	-	16,818	-	-	-	47,880
Interest	178	-	23	5	5	-	-	211
Rent and Royalties	10,909	-	-	1,013	-	-	-	11,922
Miscellaneous	74,332	-	-	127	-	646	-	75,105
Fines and Forfeitures	13,636	-	-	-	-	129,345	-	142,981
Intergovernmental	9,282	-	-	-	-	-	-	9,282
Grants	-	-	-	-	-	-	-	-
Total Revenue	<u>\$ 708,167</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23,781</u>	<u>\$ 5</u>	<u>\$ 129,991</u>	<u>\$ -</u>	<u>\$ 861,967</u>
EXPENDITURES								
Current								
General Government	\$ 214,131	\$ -	\$ 99	\$ -	\$ -	\$ -	\$ -	\$ 214,230
Public Safety	669,510	-	-	-	6,219	38,012	-	713,741
Culture and Recreation	68,954	-	-	19,984	-	-	-	88,938
Cemetery	76,233	-	-	-	-	-	-	76,233
Highways and Streets	487	-	-	-	-	-	-	487
Debt Service								
Principal	-	-	-	-	20,314	-	-	20,314
Interest	-	-	-	-	2,918	-	-	2,918
Total Expenditures	<u>\$ 1,029,315</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 19,984</u>	<u>\$ 29,451</u>	<u>\$ 38,012</u>	<u>\$ -</u>	<u>\$ 1,116,861</u>
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	<u>\$ (321,148)</u>	<u>\$ -</u>	<u>\$ (76)</u>	<u>\$ 3,797</u>	<u>\$ (29,446)</u>	<u>\$ 91,979</u>	<u>\$ -</u>	<u>\$ (254,894)</u>
Other Financing Sources								
Transfers In	454,763	-	-	-	42,024	-	-	\$ 496,787
Transfers Out	(83,259)	(1,500)	-	(3,230)	-	(77,558)	(1,418)	(166,965)
Total Other Financing Sources	<u>371,504</u>	<u>(1,500)</u>	<u>-</u>	<u>(3,230)</u>	<u>42,024</u>	<u>(77,558)</u>	<u>(1,418)</u>	<u>329,822</u>
Net Change in Fund Balances	\$ 50,356	\$ (1,500)	\$ (76)	\$ 567	\$ 12,578	\$ 14,421	\$ (1,418)	\$ 74,928
Fund Balances - Beginning	(49,889)	1,500	26,635	15,610	9,039	5,766	1,418	10,079
Fund Balances - Ending	<u>\$ 467</u>	<u>\$ -</u>	<u>\$ 26,559</u>	<u>\$ 16,177</u>	<u>\$ 21,617</u>	<u>\$ 20,187</u>	<u>\$ -</u>	<u>\$ 85,007</u>

City of Comanche, Oklahoma
 Supplemental Schedule
 Schedule of Federal and State Awards
 For the Year Ended June 30, 2020

	Federal CFDA Number	Grant Number	Award Amount	Awards Expended
FEDERAL AWARDS				
U.S. Department of Transportation <i>Passed through Oklahoma Department of Transportation</i> Transportation Alternatives Program	20.205	3-4106-(004)TP	<u>\$ 144,040</u>	<u>\$ 144,040</u>
Total Federal Awards			<u><u>\$ 144,040</u></u>	<u><u>\$ 144,040</u></u>
STATE AWARDS				
Oklahoma Department of Agriculture Rural Fire Operational			<u>\$ 4,642</u>	<u>\$ 4,642</u>
Oklahoma Department of Commerce Community Expansion of Nutrition Assistance 2018-2019			\$ 14,390	\$ 5,050
Community Expansion of Nutrition Assistance 2019-2020			<u>\$ 12,088</u>	<u>\$ 12,088</u>
			<u>\$ 26,478</u>	<u>\$ 17,138</u>
Community Action Development Corporation			<u>\$ 5,344</u>	<u>\$ 5,344</u>
Total State Awards			<u><u>\$ 62,942</u></u>	<u><u>\$ 44,262</u></u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE ACCOMPANYING FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the City Council
City of Comanche, Oklahoma

We have audited 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, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Comanche, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon February 25, 2021. Our report included an emphasis of matter paragraph on the City's use of the modified cash basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Recommendations as items 20-001, 20-002, 20-003 and 20-004 that we consider to be significant deficiencies.

Compliance and Other Matters

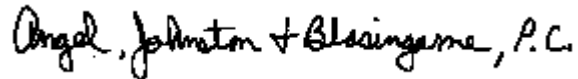
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 Recommendations as items 20-001, 20-002, 20-003 and 20-004.

City of Comanche's Responses to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chickasha, Oklahoma
February 25,, 2021

CITY OF COMANCHE, OKLAHOMA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2020

Deficiencies of Internal Control, Compliance and Other Matters:

20-001. Criteria – Oklahoma State Statute Title 11, Section 17:211A states “No expenditure may be authorized or made by any officer or employee which exceeds the appropriation of any fund.”

Condition –Expenditures to did not exceed total appropriations in the General Fund, but did exceed appropriations in the following departments: City Treasurer \$2,045; Parks \$245.

Cause and Effect – Improper monitoring of expenditures led to the year-end budget amendments to be insufficient to correct various departments budget deficits.

Recommendation – The City should closely monitor coding of expenditures and budget balances of each department. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. The City Manager or designee (if approved by resolution) can approve all transfers of appropriations between budgeted categories for each fund; however, all supplemental appropriations require the approval of the City Council.

Management response – See managements response on page 50.

20-002. Criteria – Meter deposits are utility customer’s funds held by the City as security in relationship to the utility services provided by the City. The City needs to retain sufficient funds to cover the amount held on customers behalf. Also, the City must maintain a list to document the amounts owed to each customer and the total amount owed to customers.

Condition-- At June 30, 2020 the City general ledger showed meter deposit liability to be \$110,442. However, their list of meter deposits outstanding totaled \$121,642. In the prior year the general ledger was adjusted to agree to the meter deposits list. Despite adjusting the current year beginning balance at the end of the year the balances again did not agree and had to be adjusted.

Cause and effect—The City is not reconciling their general ledger to their listing of outstanding deposits. Therefore, the integrity of both numbers is in doubt. The City is adjusting at year end the general ledger to agree to the deposit listing, however no reconciliation or attempt to discover why there is a discrepancy.

Recommendation—The City needs to analyze and reconcile the meter deposit listing to the general ledger accounts on an ongoing and timely basis in order to identify the correct meter deposit liability amount.

Management response – See managements response on page 50.

20-003. Criteria – Meter deposits are utility customer’s funds held by the City as security in relationship to the utility services provided by the City. The City needs to retain sufficient funds to cover the amount held on customers behalf. Also, the City must maintain a list to document the amounts owed to each customer and the total amount owed to customers.

Condition – At June 30, 2020 the City had only \$58,718 of cash segregated for meter deposits. The outstanding meter deposit liability was \$121,642. The CUA had to allocate all of its unrestricted cash of \$36,959 and part of its unrestricted annuity investment of \$25,754 to the Meter Deposit Fund.

Cause and effect — As the cash held by the Meter Deposit Fund is insufficient the CUA is having to allocate all of its operating cash and a portion of its investments to restricted cash. This means the deposits received held for customer deposits has been spent for operating expenses. Effectively, the CUA has borrowed \$62,924.00 from meter deposits.

CITY OF COMANCHE, OKLAHOMA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2020

Recommendation—The City needs to reconcile the meter deposit listing and transfer cash to the meter deposit bank accounts to cover any shortfalls.

Management response – See managements response on page 50.

20-004. Criteria – As part of the audit report the City is to provide a schedule of grant awards.

Condition – The schedule of grant awards in the original draft had several small changes in amounts and in grant program identification. At the end of the prior year there was unrequested funds total about \$30,000. Since that then the grant agencies indicated it is too late for the City to request these funds.

Cause and effect — The City did not identify and report each grant and its status. Not closely monitoring the grants has led to loss of allowable grant reimbursements.

Recommendation—The City should have an on-going process to clearly identify the status of each grant. All grant information should be communicated for the preparation of the financial statements. Management of grants needs to include checking to make sure all allowable and available funds have been received.

Management response – See response starting at page 50.

CITY OF COMANCHE, OKLAHOMA
DISPOSITION OF PRIOR YEAR FINDINGS
Year Ended June 30, 2020

Deficiencies of Internal Control, Compliance and Other Matters:

- 19-001. Criteria – Oklahoma State Statute Title 11, Section 17:211A states “No expenditure may be authorized or made by any officer or employee which exceeds the appropriation of any fund.”
- Condition – Some expenditures were misclassified during the year. Correcting the classification caused the expenditures to exceed appropriations in the General Fund in total by \$21,033. In each department as follows: City Manager \$578; City Treasurer \$1,354; Police \$8,798; Animal Control \$2,121; Fire \$22,132 and Parks \$1,724.
- Disposition – This continues to be a finding during the 2019-20 year.
- 19-002. Criteria Purchase orders/requisitions are to be used to initiate the purchasing process and an original invoice should be included with the purchase order. The purchase order should be signed by the encumbrance clerk to verify budgeted funds are available; original invoices should be signed and dated verifying the receipt of goods or services.
- Condition – In our expenditure testing we noted of the thirty-four purchase orders/requisitions tested; six had no purchase order or requisition; four invoices were not signed as goods or services received; one was misclassified and three invoices were dated prior to the purchase order or requisition.
- Disposition – This was not a finding during the 2019-20 year.
- 19-003. Criteria – Meter deposits are utility customer’s funds held by the City as security in relationship to the utility services provided by the City. The City needs to retain sufficient funds to cover the amount held on customers behalf. Also, the City must maintain a list to document the amounts owed to each customer and the total amount owed to customers.
- Condition-- At June 30, 2019 the City general ledger showed meter deposit liability to be \$112,005. However, their list of meter deposits outstanding totaled \$114,030. In the prior year the general ledger was adjusted to agree to the meter deposits list. Despite adjusting the current year beginning balance at the end of the year the balances again did not agree.
- Disposition – This continues to be a finding during the 2019-20 year.
- 19-004. Criteria – Meter deposits are utility customer’s funds held by the City as security in relationship to the utility services provided by the City. The City needs to retain sufficient funds to cover the amount held on customers behalf. Also, the City must maintain a list to document the amounts owed to each customer and the total amount owed to customers.
- Condition – At June 30, 2019 the City had only \$62,288 of cash segregated for meter deposits. The outstanding meter deposit liability was \$114,030. There is a payable from CUA to the Meter Deposit Fund of \$47,727. The cash held in trust for meter deposits customers is insufficient and the City’s operating account does not have enough unrestricted funds to cover the meter liability.
- Disposition – This continues to be a finding during the 2019-20 year.

CITY OF COMANCHE, OKLAHOMA
DISPOSITION OF PRIOR YEAR FINDINGS
Year Ended June 30, 2020

19-005. Criteria – As part of the audit report the City is to provide a schedule of grant awards.

Condition – The schedule of grant awards in the original draft had significant changes. There were incorrect expenditure amounts and there were grants not identified. Also, there were two grants where the complete amount of the grant has not been requested or received by the City. It appears the City qualifies for these funds. The unrequested funds total about \$30,000.

Disposition – During the 2019-20 year there were still some changes, but none of them were significant. However, proper identification of grants and amounts is an important process.



**OFFICE OF THE CITY MANAGER
500 N RODEO DR
COMANCHE, OK 73529**

Audit Response to Schedule of Findings and Recommendations Year Ended June 30, 2020

February 24, 2021

Please find my responses below:

20-001

Based on prior year audit findings, the city tried doing quarterly budget adjustments to ensure individual departments were not exceeding appropriations. The result of this action led to departments continuing to exceed their allocated budget. By not making the adjustment quarterly we are able to identify to department heads their specific over expenditures and slow the departmental spending. We confirmed that a single year end budget adjustment reconciling all departments was within state statute provided the fund had not exceeded revenues.

20-002

We feel there is a doubling affect though our software that is causing the discrepancies. The city has requested Mary Johnson, our financial consultant to include these reconciliations during their monthly review to ensure the debit and credit accounts are being properly adjusted. I agree this is an issue and all accounts should be reconciled monthly in order to provide accurate account balances. I do not feel there is anything intentional occurring, it is simply a process control that needs to be corrected.

20-003

It was my understanding that upon receipt of the prior audit all meter funds were made whole through the power authority excess revenues. Based on this finding, this did not happen and there is still a deficit. I would like specific information identifying this deficiency or "borrowing" and a firm dollar amount so that a repayment schedule can be included in the upcoming budget.

20-004

In the specific grant mentioned the grant was closed prematurely as a result of communications between the engineer for the project and OWRB. We did not discover that the grant had been closed until we tried to submit our final draw request. The additional expenditures that would have used the remaining funds received prior approval from OWRB. The failure in this situation was not communicating with the engineer on the change in scope of work which had no impact on the engineering. Going forward we have improved our communication process on all grants, and we have made changes to our record keeping to ensure this does not happen again.

Best regards,
Chuck Ralls, City Manager