



Independent Auditors' Report

Comanche Business Committee
Comanche Nation
Lawton, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the General Fund, each major fund, and the aggregate remaining fund information of the Comanche Nation Governmental Programs Department (the "Department"), as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Department's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Department'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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial 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 of the governmental activities, the General Fund, each major fund, and the aggregate remaining fund information of the Department, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, the General Fund, each major fund, and the aggregate remaining fund information of the Comanche Nation that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the Comanche Nation as of September 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i. through v. be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Rose Rock CPAs PLLC

Edmond, Oklahoma
January 31, 2022

COMANCHE NATION GOVERNMENTAL PROGRAMS DEPARTMENT

MANAGEMENT’S DISCUSSION AND ANALYSIS

September 30, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)

The Management’s Discussion and Analysis (MD&A) of the Comanche Nation Governmental Programs Department (the “Department”), located in Lawton, Oklahoma, provides an overview and overall review of the Department’s financial activities for the year ended September 30, 2021. The intent of the MD&A is to look at the Department’s financial performance as a whole. It should, therefore, be read in conjunction with the Department’s financial statements and the notes thereto.

FINANCIAL HIGHLIGHTS

Total governmental net position increased by \$21.4 million, or 43% from the prior year. Net position classified as unrestricted represents \$31.2 million or 44% of the total governmental net position and may be used to meet the Department’s ongoing obligations to its Tribal members and creditors.

Total governmental assets increased by \$85.7 million, or 112% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements presented include the Department’s government-wide and fund financial statements.

Government-Wide Financial Statements: The government-wide statement of net position and statement of activities present information about the Department as a whole, divided into the following activity:

- **Governmental activities:** Most of the Department’s basic services are reported here, including the general government, public works, education, public safety, public health and welfare, culture and recreation, and environmental management. State and federal grants, gaming revenues, and taxes finance most of these activities.

The Department’s government-wide financial statements are designed to provide a broad overview of the Department’s Governmental Program finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Governmental Program’s assets and liabilities, with the difference reported as net position.

The statement of activities depicts how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by intergovernmental revenues (governmental activities).

(Unaudited. See accompanying independent auditors’ report.)

COMANCHE NATION GOVERNMENTAL PROGRAMS DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

September 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Fund Statements: The accounts of the Department are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, net position, revenues, expenditures, or expenses, as appropriate.

The Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. A reconciliation is presented to facilitate this comparison between governmental programs department funds and governmental activities.

The Department maintains individual governmental funds separately. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major governmental programs department funds. The major governmental funds are the General Fund, the Coronavirus Relief Fund and the American Rescue Plan Fund.

(Unaudited. See accompanying independent auditors' report.)

COMANCHE NATION GOVERNMENTAL PROGRAMS DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

September 30, 2021

GOVERNMENTAL PROGRAMS WIDE FINANCIAL ANALYSIS

Net Position

Following is a comparative summary of net position as of September 30, 2021 and 2020:

	<u>Government Activities</u>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 126,664,505	\$ 43,087,879
Capital assets, net	<u>35,368,053</u>	<u>33,202,086</u>
Total assets	<u>\$ 162,032,558</u>	<u>\$ 76,289,965</u>
Current and other liabilities	\$ 89,756,080	\$ 25,005,180
Long-term liabilities	<u>576,055</u>	<u>984,888</u>
Total liabilities	<u>\$ 90,332,135</u>	<u>\$ 25,990,068</u>
Net position:		
Net investment in capital assets	\$ 35,368,053	\$ 33,202,086
Restricted	5,101,945	5,134,913
Unrestricted	<u>31,230,425</u>	<u>11,962,898</u>
Total net position	<u>\$ 71,700,423</u>	<u>\$ 50,299,897</u>

For the year ended September 30, 2021, net position for the governmental activities increased by \$21.4 million. The results indicate the Department improved its financial condition from the prior year.

The largest portion of the Department's net position reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. As of September 30, 2021, the net investment in capital assets amounted to \$35.4 million.

The unrestricted net position of \$31.2 million at September 30, 2021 may be used to meet the Department's ongoing obligations to its Tribal members and creditors.

(Unaudited. See accompanying independent auditors' report.)

COMANCHE NATION GOVERNMENTAL PROGRAMS DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

September 30, 2021

GOVERNMENTAL PROGRAMS WIDE FINANCIAL ANALYSIS, CONTINUED

Change in Net Position

For the years ended September 30, 2021 and September 30, 2020 the net position of the Department's governmental programs department changed as follows:

	<u>Government Activities</u>	
	<u>2021</u>	<u>2020</u>
REVENUES		
Program Revenues:		
Charges for services	\$ 576,579	\$ 356,044
Operating grants and contributions	62,179,497	32,274,517
Investment income (loss)	(8,613)	286,760
Other	<u>1,498,067</u>	<u>695,948</u>
Total Revenues	64,245,530	33,613,269
EXPENSES		
Coronavirus relief	47,419,270	19,954,400
General government	17,238,839	13,610,422
Public health and welfare	6,288,469	6,494,533
Culture and recreation	2,483,463	1,535,900
Environmental management	144,858	112,506
Public safety	2,448,292	2,421,742
Education	3,920,545	3,622,381
Public works	<u>2,643,199</u>	<u>3,298,371</u>
Total Expenses	<u>82,586,935</u>	<u>51,050,255</u>
Decrease in net position before transfers	(18,341,405)	(17,436,986)
Net transfers	<u>39,741,931</u>	<u>16,180,427</u>
	<u>\$ 21,400,526</u>	<u>\$ (1,256,559)</u>

The Department's governmental activities include an increase of \$30.0 million, or 93%, in operating grants and contributions revenues and an increase of \$27.5 million in Coronavirus relief expenses that were primarily due to additional funding and expenses related to the Coronavirus pandemic. The Department's governmental activities investment income decreased by \$0.3 million, or 103%, primarily due to weaker market returns in fiscal year 2021. Additionally, net transfers increased by approximately \$23.6 million primarily due to increased transfers from the Nation's gaming entities.

(Unaudited. See accompanying independent auditors' report.)

COMANCHE NATION GOVERNMENTAL PROGRAMS DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

September 30, 2021

GOVERNMENTAL PROGRAMS WIDE FINANCIAL ANALYSIS, CONTINUED

Change in Net Position, Continued

The General Fund is the primary operating fund of the Department. For the year ended September 30, 2021, the General Fund's total fund balance increased by \$18.8 million, or 105%.

CAPITAL ASSETS

Capital Assets: The Department's investment in capital assets for its governmental programs department as of September 30, 2021, amounted to \$35.4 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, and equipment.

ECONOMIC OUTLOOK

The economy in Lawton, Oklahoma and the surrounding areas appears to be stable due to the presence of Ft. Sill and other industries; however, due to the ongoing pandemic, profit distributions to the Department from its gaming and other business enterprises could decrease as a result. The U.S. Treasury has provided relief in the form of federal grants in fiscal years 2021 and 2020 to assist state, local and Tribal governments in dealing with the pandemic. Due to considerable uncertainty, management is unable to reasonably estimate the ultimate financial impact of the pandemic.

The Department continues to look for other opportunities in the business sector to bring additional funds to the Department to serve the membership.

REQUEST FOR INFORMATION

This financial report is designed to provide our Tribal members, creditors, government and regulatory agencies with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. Questions about this report or requests for additional financial information should be requested from the Comanche Nation's Treasurer.

(Unaudited. See accompanying independent auditors' report.)

COMANCHE NATION GOVERNMENTAL PROGRAMS DEPARTMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

September 30, 2021

SECTION II--FINANCIAL STATEMENT FINDINGS

Compliance Findings:

None

Internal Control Findings:

None

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Compliance Findings:

None

Internal Control Findings:

None

Questioned Costs:

None

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Compliance Findings:

None

Internal Control Findings:

None