

INDEPENDENT AUDITOR'S REPORT

**COMANCHE COUNTY AGRICULTURAL
AND INDUSTRIAL EXPOSITION
AND FAIR PUBLIC TRUST AUTHORITY
A Component Unit of Comanche County**

JUNE 30, 2017

BY



**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
For Year Ended June 30, 2017**

Table of Contents

	<u>Page</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1 - 2
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Position.....	3
Statement of Revenues, Expenses, and Changes in Net Position.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 - 11
 <u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	12 – 13
 <u>SUPPLEMENTAL INFORMATION</u>	
Grant Schedule.....	14



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Comanche County
Agricultural and Industrial Exposition & Fair Public Trust Authority
Lawton, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority, a public Trust Authority and component unit of Comanche County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Trust Authority'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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority (a component unit of Comanche County) and do not purport to, and do not present fairly the financial position of Comanche County, as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance 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

The Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of the financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the Trust Authority'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 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 Authority's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

November 13, 2017

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Statement of Net Position
June 30, 2017

ASSETS

Current Assets			
Cash	\$	485,414	
Accounts Receivable		34,868	
Prepaid Insurance		18,044	
Inventory		3,649	
Total Current Assets			\$ 541,975
Noncurrent Assets			
Fixed Assets		5,277,265	
Less Accumulated Depreciation		(3,727,466)	
Total Noncurrent Assets			1,549,799
TOTAL ASSETS			\$ 2,091,774

LIABILITIES AND NET POSITION

Current Liabilities			
Compensated Absences Liability	\$	9,419	
Deferred Revenue - rental deposits		8,960	
Leases Payable - short term portion		8,452	
Payroll Related Payables		5,278	
Accrued Payroll Liability		4,135	
Accounts Payable		2,458	
Total Current Liabilities			\$ 38,702
Noncurrent Liabilities			
Leases Payable		13,101	
Less short term portion		(8,452)	
Total Noncurrent Liabilities			4,649
Total Liabilities			43,351
Net Position			
Net investment in capital assets		1,549,799	
Unrestricted		498,624	
Total Net Position			2,048,423
TOTAL LIABILITIES AND NET POSITION			\$ 2,091,774

Please see accompanying notes to the financial statements.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

Operating Revenues

Comanche County General Funds	\$	326,126	
Sales Tax Income		260,779	
Rental Receipts		139,421	
Grant Income		136,942	
Catering, net of cost		55,729	
Sponsorship Revenue		33,220	
Concessions, net of cost		32,754	
Ticket Sales		27,047	
Other Receipts		6,520	
RV Park Fees-Electricity		4,630	
Total Operating Revenues			\$ 1,023,168

Operating Expenses

Personnel		350,578	
Depreciation		229,977	
Utility Expense		112,076	
Event Expense		99,500	
Insurance & Bond Expense		80,488	
Repairs & Maintenance		75,767	
Office Expense		22,588	
Supplies		15,252	
Interest Expense		781	
Total Operating Expenses			987,007
Operating Income			36,161

Non - Operating Revenues/Expenses

Interest Income		239	
Total Non - Operating Revenue/(Expenses)			239

Change in Net Position 36,400

Net Position, as of July 1, 2016 2,012,023

Net Position, as of June 30, 2017 \$ 2,048,423

Please see accompanying notes to the financial statements.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows from Operating Activities

Income Received from the County	\$	560,122
Income from Others		447,624
Payments to Suppliers		(400,048)
Payments to Employees		(355,473)
Net Cash Provided by Operating Activities		252,225

Cash Flows from Investing Activities

Interest Income		239
Capital Assets Purchased/Sold		(202,384)
Net Cash Used by Investing Activities		(202,145)

Cash Flows from Capital and Related Financing Activities

Cash Used by Long Term Leases Payable		(9,195)
Net Cash Used by Capital and Related Financing Activities		(9,195)

Net Increase (Decrease) in Cash and Cash Equivalents 40,885

Cash and Cash Equivalents - June 30, 2016 444,529

Cash and Cash Equivalents - June 30, 2017 \$ 485,414

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$	36,400
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Depreciation Expense		229,977
Increase in Accounts Receivable		(26,783)
Decrease in Inventory		2,231
Decrease in Prepaid Insurance		6,110
Increase in Accounts Payable		2,067
Increase in Payroll Taxes Payable		3,635
Decrease in Accrued Payroll Liability		(8,652)
Increase in Compensated Absences Liability		122
Increase in Deferred Revenue		6,660
Increase in Current Leases Payable		458
Net Cash Provided by Operating Activities	\$	252,225

Please see accompanying notes to the financial statements.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2017

Note 1 - Basis of Accounting

The Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority was established as a Trust for the use and benefit of the Beneficiary (the County) for the public purposes set forth, under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The Authority is exempt from federal and state income taxes.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Authority is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements.

The Authority's operations are considered proprietary in nature and therefore the Authority has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds distinguish *operating* revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business, including fixed assets and debt are accounted for in a single proprietary fund rather than a series of funds and account groups.

Comanche County pays certain obligations on behalf of the Authority. The Authority submits invoices to the County, and the County then remits payments directly to the vendors. Expenditures on these invoices are recognized when the obligation is incurred, and the revenue from the County is also recorded at that time.

Note 2 - Third Party Reimbursements

Comanche County General Funds

Each year certain funds are made available to the Authority from the Comanche County General Fund. These funds are disbursed on behalf of the Authority directly to the vendors upon submission and approval of claim vouchers. The general-purpose financial statements reflect as revenue the above funds paid on behalf of the Authority, and also reflect the corresponding expenses under the classifications appropriate in the circumstances. The Authority recognized \$326,126 in Comanche County General Fund revenue during the year ended June 30, 2017.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2017

Note 3 - Inventory

Inventory is stated at cost. Cost is determined as the price paid for the item plus any charges incurred in order to take possession of the goods, such as shipping and tax. Inventory as of June 30, 2017 is as follows:

Purchased Inventory (at Cost):	
Food	\$ 1,769
Beverage	1,497
Paper	315
Candy	68
Total Inventory	\$ 3,649

Note 4 - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Note 5 - Lease of County Fairgrounds

In May 9, 1973, the Authority leased from Comanche County certain real and personal properties located at the County Fairgrounds for a period of thirty years, and so long thereafter as any indebtedness incurred by the lessee secured by the revenues shall remain unpaid. Consideration of the lease shall be installation and construction of improvements, and maintenance and operation of the trust estate, which shall revert, together with all additions and substitutions, to the lessor upon termination of the lease.

Note 6 - Fixed Assets

The cost of fixed assets are capitalized and depreciated over the estimated useful life of the related asset. These assets are depreciated using the straight-line method over the useful lives ranging from 6 to 25 years. A summary of fixed assets at June 30, 2017 is as follows:

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2017

	Balance <u>06/30/2016</u>	Additions	Disposals	Balance <u>06/30/2017</u>
<u>Fixed Assets</u>				
Building Improvements	\$ 4,289,946	\$ 260,237	\$ 0	\$ 4,550,183
Furniture and Fixtures	265,812	1,000	0	266,812
Machines and Equipment	246,767	9,876	0	256,643
Catering Equipment	64,288	0	0	64,288
Concessions & Equipment	57,419	0	(315)	57,104
Office Equipment	35,328	791	(650)	35,469
Vehicles	40,436	0	0	40,436
WIP - expo heat	6,330	0	0	6,330
	<u>\$ 5,006,326</u>	<u>\$ 271,904</u>	<u>\$ (965)</u>	<u>\$ 5,277,265</u>
<u>Accumulated Depreciation</u>				
Building Improvements	\$ 2,960,731	\$ 172,409	\$ 0	\$ 3,133,140
Machines and Equipment	181,650	15,870	0	197,520
Furniture and Fixtures	213,978	26,899	0	240,877
Concessions & Equipment	43,071	2,570	(315)	45,326
Catering Equipment	40,055	7,413	0	47,468
Office Equipment	32,348	830	(650)	32,528
Vehicles	26,621	3,986	0	30,607
	<u>\$ 3,498,454</u>	<u>\$ 229,977</u>	<u>\$ (965)</u>	<u>\$ 3,727,466</u>
Total Fixed Assets, net of depreciation	<u>\$ 1,507,872</u>			<u>\$ 1,549,799</u>

Depreciation is charged to expense. Depreciation expense for the year ended June 30, 2017 is \$229,977.

Note 7 - Cash and Cash Equivalents

The following is a recap of the Authority's bank accounts. All accounts are insured by the Federal Deposit Insurance Corporation (FDIC).

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2017

	Balance as 6/30/2017
Liberty National Bank- Sales Tax	\$ 235,913
Liberty National Bank- General Account	209,980
Liberty National Bank- Construction Acct	35,061
Liberty National Bank- Payroll	1,760
Change Fund- Concessions	2,700
	\$ 485,414

The Authority's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Cash on Hand	\$ 0	\$ 0	\$ 2,700	\$ 2,700
Cash in Bank	250,000	232,714	0	482,714
Total	\$ 250,000	\$ 232,714	\$ 2,700	\$ 485,414

Note 8 - Compensated Absences

The amount of earned unpaid vacation time at June 30, 2017 was approximately \$9,419 and was accrued since it is a post-employment benefit. Sick leave is not paid upon termination; therefore, it was not included in the accrual.

Note 9 – Long Term Equipment Leases

The Authority entered into two long term capital leases with Hugg and Hall Equipment Company on June 24, 2014. The forklift lease is for \$26,156 at an implied interest rate of 4.3% for 60 months, resulting in a monthly payment of \$485. The floor scrubber lease is for \$13,500 at an implied interest rate of 4.45% for 48 months, resulting in a monthly payment of \$307.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2017

Forklift			
FYE	Principal	Interest	Total Payment
06/30/2018	5,494	329	5,823
06/30/2019	4,649	91	4,740
	\$ 10,143	\$ 420	\$ 10,563

Floor Scrubber			
FYE	Principal	Interest	Total Payment
06/30/2018	2,958	60	3,018
	\$ 2,958	\$ 60	\$ 3,018

Note 10 - Commitments and Contingencies

The Authority receives its resources primarily from sources within Comanche County. Consequentially, the Authority's ability to operate as a going concern is dependent on the economic conditions of this area.

Note 11 - Retirement

The Authority started a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA) in the second quarter of 2011. This is tax-deferred employer provided retirement plan that allows employees to set aside money and invest it to grow for later use. It is an employer sponsored plan and is funded by a pretax salary reduction by the employee. The schedule of contributions for the current and two preceding years are as follows:

	Employer Portion	Employee Portion
YE June 30, 2017	\$ 8,161	\$ 11,486
YE June 30, 2016	8,560	12,650
YE June 30, 2015	7,505	11,552
Total	\$ 24,226	\$ 35,688

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2017

Note 12 – Key Personnel

Key personnel on June 30, 2017, were as follows:

Board of Trustees

Ken Price	Central District
Marcus Wilcoxson	Central District
Albert Johnson Jr.	Central District
David Dorrell	Western District
Mike Hannabass	Western District
Jerry Krasser	Western District
Mark Henry	Eastern District
Ike Higdon	Eastern District
Charles Lupi	Eastern District

Executive Director

Richard Pool

Office Manager

Joe Kirk

Note 13 – Subsequent Events

Subsequent events were evaluated through November 13, 2017, which is the date the financial statements were available to be issued.



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

Board of Trustees of Comanche County
Agricultural & Industrial Exposition and Fair Public Trust Authority
Lawton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of Comanche County Agricultural & Industrial Exposition and Fair Public Trust Authority (a public Trust Authority and component unit of Comanche County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Trust Authority's basic financial statements, and have issued our report thereon dated November 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Authority'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 a 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 a 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

November 13, 2017

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
McMahon Foundation Grant
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2017

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grant	\$ 136,942	\$ 136,942	\$ 0
Total Income	136,942	136,942	0
<u>Expenditures</u>			
Fan & Lighting Upgrade	136,942	135,035	(1,907)
Total Expenditures	136,942	135,035	(1,907)
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 1,907</u>	<u>\$ (1,907)</u>

Please see accompanying notes to the financial statements.