

**INDEPENDENT AUDITOR'S REPORT**

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

**JUNE 30, 2018**

BY



**Comanche County Agricultural and Industrial  
Exposition and Fair Public Trust Authority  
A Component Unit of Comanche County  
For Year Ended June 30, 2018**

**Table of Contents**

	<u>Page</u>
<b><u>INDEPENDENT AUDITOR'S REPORT</u></b> .....	1 - 2
 <b><u>FINANCIAL STATEMENTS</u></b>	
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 - 10
 <b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
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> .....	11 - 12
 <b><u>SUPPLEMENTAL INFORMATION</u></b>	
Grant Schedule.....	13



---

---

## 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, 2018, 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, 2018, 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, 2018, 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 January 31, 2019, on our consideration of the 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

January 31, 2019

**Comanche County Agricultural and Industrial  
Exposition and Fair Public Trust Authority**  
A Component Unit of Comanche County  
Statement of Net Position  
June 30, 2018

**ASSETS**

Current Assets			
Cash	\$	510,829	
Accounts Receivable		9,814	
Inventory		3,762	
Total Current Assets		524,405	\$ 524,405
Noncurrent Assets			
Fixed Assets		5,340,081	
Less Accumulated Depreciation		(3,902,728)	
Total Noncurrent Assets		1,437,353	
<b>TOTAL ASSETS</b>			<b>\$ 1,961,758</b>

**LIABILITIES AND NET POSITION**

Current Liabilities			
Accounts Payable	\$	22,948	
Compensated Absences Liability		14,660	
Deferred Revenue - rental deposits		9,914	
Leases Payable - short term portion		5,116	
Payroll Related Payables		4,947	
Accrued Payroll Liability		4,264	
Total Current Liabilities		61,849	\$ 61,849
Total Liabilities			61,849
Net Position			
Net investment in capital assets		1,437,353	
Unrestricted		462,556	
Total Net Position		1,899,909	
<b>TOTAL LIABILITIES AND NET POSITION</b>			<b>\$ 1,961,758</b>

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, 2018

**Operating Revenues**

Comanche County General Funds	\$ 326,126	
Sales Tax Income	241,443	
Rental Receipts	152,127	
Concessions, net of cost	48,278	
Sponsorship Revenue	35,000	
Catering, net of cost	23,453	
Ticket Sales	19,835	
RV Park Fees-Electricity	9,235	
Other Receipts	4,800	
Total Operating Revenues	\$ 860,297	\$ 860,297

**Operating Expenses**

Personnel	366,201	
Depreciation	201,174	
Event Expense	117,921	
Utility Expense	117,619	
Insurance & Bond Expense	76,011	
Repairs & Maintenance	58,477	
Office Expense	26,251	
Supplies	22,357	
Professional Fees	10,233	
Interest Expense	457	
Total Operating Expenses	996,701	996,701
Operating Income		(136,404)

**Non - Operating Revenues/Expenses**

Interest Income	235	
Loss on Disposal of Assets	(12,345)	
Total Non - Operating Revenue/(Expenses)	(12,110)	(12,110)

**Change in Net Position** (148,514)

**Net Position, as of July 1, 2017** 2,048,423

**Net Position, as of June 30, 2018** \$ 1,899,909

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, 2018

**Cash Flows from Operating Activities**

Income Received from the County	\$ 567,569
Income from Others	550,269
Payments to Suppliers	(539,985)
Payments to Employees	(433,917)
Net Cash Provided by Operating Activities	143,936

**Cash Flows from Investing Activities**

Interest Income	235
Capital Assets Purchased/Sold	(114,107)
Net Cash Used by Investing Activities	(113,872)

**Cash Flows from Capital and Related Financing Activities**

Cash Used by Long Term Leases Payable	(4,649)
Net Cash Used by Capital and Related Financing Activities	(4,649)

Net Increase (Decrease) in Cash and Cash Equivalents 25,415

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

Cash and Cash Equivalents - June 30, 2018 \$ 510,829

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income (Loss)	\$ (136,404)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	214,208
Decrease in Accounts Receivable	25,054
Increase in Inventory	(113)
Decrease in Prepaid Insurance	18,044
Decrease in Current Leases Payable	(3,336)
Decrease in Payroll Taxes Payable	(331)
Increase in Accrued Payroll Liability	129
Increase in Deferred Revenue	954
Increase in Compensated Absences Liability	5,241
Increase in Accounts Payable	20,490
Net Cash Provided by Operating Activities	\$ 143,936

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, 2018

**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, 2018.



**Comanche County Agricultural and Industrial  
Exposition and Fair Public Trust Authority**  
A Component Unit of Comanche County  
Notes to the Financial Statements  
June 30, 2018

**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, 2018 is as follows:

<u>Purchased Inventory (at cost)</u>	
Food	\$ 1,740
Beverage	1,535
Paper	275
Candy	212
Total Inventory	<u>\$ 3,762</u>

**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, 2018 is as follows:  
Depreciation is charged to expense.

**Comanche County Agricultural and Industrial  
Exposition and Fair Public Trust Authority**  
A Component Unit of Comanche County  
Notes to the Financial Statements  
June 30, 2018

	Balance 6/30/2017	Additions	Disposals	Balance 6/30/2018
<u>Fixed Assets</u>				
Buildings Improvements	\$ 4,550,183	\$ 0	\$ (2,391)	\$ 4,547,792
Furniture and Fixtures	266,812	67,290	0	334,102
Machinery and Equipment	256,643	37,425	(48,900)	245,168
Catering Equipment	64,288	1,904	0	66,192
Concessions and Equipment	57,104	2,788	0	59,892
Office Equipment	35,469	0	0	35,469
Vehicles	40,436	0	0	40,436
Work In Process	6,330	4,700	0	11,030
	<u>\$ 5,277,265</u>	<u>\$ 114,107</u>	<u>\$ (51,291)</u>	<u>\$ 5,340,081</u>
<u>Accumulated Depreciation</u>				
Buildings Improvements	\$ 3,133,140	\$ 170,071	\$ (1,455)	\$ 3,301,756
Furniture and Fixtures	240,877	16,282	0	257,159
Machinery and Equipment	197,520	12,423	(36,268)	173,675
Catering Equipment	47,468	7,645	0	55,113
Concessions and Equipment	45,326	2,389	0	47,715
Office Equipment	32,528	846	0	33,374
Vehicles	30,607	3,329	0	33,936
Work In Process	0	0	0	0
	<u>\$ 3,727,466</u>	<u>\$ 212,985</u>	<u>\$ (37,723)</u>	<u>\$ 3,902,728</u>
Net Assets	<u>\$ 1,549,799</u>			<u>\$ 1,437,353</u>

Depreciation expense for the year ended June 30, 2018 is \$212,985.

**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, 2018

	Balance as of 06/30/2018
Liberty National Bank - General Acct	\$ 268,040
Liberty National Bank - Sales Tax	236,148
Concession Fund	5,700
Liberty National Bank - Payroll	941
	\$ 510,829

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 in Bank	\$ 250,000	\$ 255,129	\$ 0	\$ 505,129
Cash on Hand	0	0	5,700	5,700
Total	\$ 250,000	\$ 255,129	\$ 5,700	\$ 510,829

**Note 8 - Compensated Absences**

The amount of earned unpaid vacation time at June 30, 2018 was approximately \$14,660 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.

**Comanche County Agricultural and Industrial  
Exposition and Fair Public Trust Authority**  
A Component Unit of Comanche County  
Notes to the Financial Statements  
June 30, 2018

FYE	Principal	Interest	Total Payment
06/30/2019	\$ 5,116	\$ 219	\$ 5,335

**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
Year Ending 06/30/18	\$ 6,543	\$ 8,355
Year Ending 06/30/17	8,161	11,486
Year Ending 06/30/16	8,560	12,650
Total	\$ 23,264	\$ 32,491

**Note 12 – Subsequent Events**

Subsequent events were evaluated through January 31, 2019, 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, 2018, 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 January 31, 2019.

**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

January 31, 2019

**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, 2018

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

Please see accompanying notes to the financial statements.