

INDEPENDENT AUDITOR'S REPORT

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

JUNE 30, 2011

BY

 **FURRH**
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
For Year Ended June 30, 2011**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
 <u>FINANCIAL STATEMENTS</u>	
Statement of Assets, Liabilities and Retained Earnings	3
Statement of Revenue, Expenses, and Changes in Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6-10
 <u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	11-12
 <u>SUPPLEMENTAL INFORMATION</u>	
Statement of Revenue, Expenses, and Changes in Retained Earnings Budget and Actual	13



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Statement of Assets, Liabilities, and Retained Earnings of Comanche County Agricultural & Industrial Exposition and Fair Public Trust Authority, a component unit of Comanche County as of June 30, 2011 and the related Statements of Revenues, Expenses and Changes in Retained Earnings, and Cash Flows for the year then ended. These financial statements are the responsibility of the Trust Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Trust 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 basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comanche County Agricultural & Industrial Exposition and Fair Public Trust Authority as of June 30, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Statement of Revenue, Expenses, and Changes in Retained Earnings- Budget and Actual are not a required part of the basic financial statements but are supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

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



FURRH & ASSOCIATES, PC
Certified Public Accountants
October 26, 2011

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**

A Component Unit of Comanche County

**Revenue, Expenses, and Changes in Retained Earnings- Budget and Actual
Year Ended June 30, 2011**

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Comanche County General Funds	\$ 328,000	\$ 326,126	\$ 1,874
Tax Income	232,000	236,008	(4,008)
Grant Income	0	165,000	(165,000)
Rental Receipts	130,000	125,500	4,500
Ticket Sales	80,000	82,410	(2,410)
Concessions, net of cost	70,000	66,261	3,739
Catering, net of cost	50,000	47,967	2,033
Other Receipts	40,000	42,126	(2,126)
	<hr/>	<hr/>	<hr/>
Total Revenue	930,000	1,091,398	(161,398)
<u>Expenses</u>			
Personnel	346,000	345,225	775
Depreciation	222,000	223,214	(1,214)
Office Expense	152,000	152,503	(503)
Utility Expense	106,000	105,767	233
Repairs & Maintenance	65,000	67,457	(2,457)
Insurance & Bond Expense	54,000	54,366	(366)
Event Expense	50,000	48,967	1,033
Supplies	35,000	34,775	225
Interest Expense	25,000	21,195	3,805
	<hr/>	<hr/>	<hr/>
Total Expenses	1,055,000	1,053,469	1,531
<u>Revenue Over (Under) Expenses</u>	(125,000)	37,929	(162,929)
<u>Non-Operating Revenue</u>			
Disposal of Equipment	0	(5,955)	5,955
Interest Income	350	518	(168)
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenue	350	(5,437)	5,787
Net Income (Loss)	(124,650)	32,492	(157,142)
<u>Retained Earnings, July 1, 2010</u>	124,650	1,817,054	(1,692,404)
	<hr/>	<hr/>	<hr/>
<u>Retained Earnings, June 30, 2011</u>	\$ 0	\$ 1,849,546	\$ (1,849,546)
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Please see accompanying notes to the financial statements.

In accordance with "Government Auditing Standards," we have also issued our report dated October 26, 2011 on our consideration of the Trust Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 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" and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Furrh & Associates PC".

FURRH & ASSOCIATES, PC

Certified Public Accountants

October 26, 2011

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Statement of Assets, Liabilities, and Retained Earnings
For the Year Ended June 30, 2011

ASSETS

Current Assets

Cash	\$	279,802	
Accounts Receivable		6,834	
Inventory		5,017	
Total Current Assets		5,017	\$ 291,653

Fixed Assets

Vehicles		20,505	
Office Equipment		33,393	
Catering Equipment		44,130	
Concessions & Equipment		58,440	
WIP- RV Park		117,665	
Machines and Equipment		199,104	
Furniture & Fixtures		257,380	
Building Improvements		3,968,518	
Less Accumulated Depreciation		(2,468,892)	
Net Fixed Assets		2,230,243	2,230,243

TOTAL ASSETS

\$ 2,521,896

LIABILITIES AND RETAINED EARNINGS

Current Liabilities

Accounts Payable	\$	579	
Payroll Taxes Payable		1,794	
Accrued Interest Payable		8,482	
Current Portion of Notes Payable		50,155	
Total Current Liabilities		50,155	\$ 61,010

Long Term Liabilities

Notes Payable, less Current Portion		611,340	
Total Liabilities		611,340	672,350

Retained Earnings

Retained Earnings - Unrestricted		1,849,546	
Total Retained Earnings		1,849,546	1,849,546

TOTAL LIABILITIES AND
RETAINED EARNINGS

\$ 2,521,896

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 Retained Earnings
For the Year Ended June 30, 2011

Operating Revenues

Comanche County General Funds	\$ 326,126	
Tax Income	236,008	
Grant Income	165,000	
Rental Receipts	125,500	
Ticket Sales	82,410	
Concessions, net of cost	66,261	
Catering, net of cost	47,967	
Other Receipts	42,126	
Total Operating Revenues	\$ 1,091,398	

Operating Expenses

Personnel	345,225	
Depreciation	223,214	
Office Expense	152,503	
Utility Expense	105,767	
Repairs & Maintenance	67,457	
Insurance & Bond Expense	54,366	
Event Expense	48,967	
Supplies	34,775	
Interest Expense	21,195	
Total Operating Expenses	1,053,469	

Operating Loss 37,929

Non - Operating Revenues

Disposal of Equipment	(5,955)	
Interest Income	518	
Total Non - Operating Revenues	(5,437)	

Net Income 32,492

Retained Earnings, as of July 1, 2010 1,817,054

Retained Earnings, as of June 30, 2011 \$ 1,849,546

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, 2011**

Cash Flows from Operating Activities

Operating Revenue	\$ 1,091,398
Miscellaneous Revenue	518
Payments to Suppliers	(1,214,170)
Payments to Employees	345,225
	222,971
Net Cash Provided by Operating Activities	222,971

Cash Flows from Capital and Related Financing Activities

Cash Used by Capital Related Debt	(48,273)
	(48,273)
Net Cash Provided (Used) by Capital and Related Financing Activities	(48,273)

Cash Flows from Investing Activities

Capital Assets Purchased	(156,660)
Capital Assets Sold	5,955
	(150,705)
Net Cash Provided (Used) by Investing Activities	(150,705)

Net Increase (Decrease) in Cash and Cash Equivalents 23,993

Cash and Cash Equivalents - June 30, 2010 255,809

Cash and Cash Equivalents - June 30, 2011 \$ 279,802

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$ 32,492
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	223,214
Decrease in Accounts Receivable	2,536
Increase in Inventory	(54)
Decrease in Accounts Payable	(15,505)
Increase in Payroll Taxes Payable	929
Decrease in Current Portion of Notes Payable	(28,617)
Increase in Accrued Interest Payable	7,976
	222,971
Net Cash Provided by Operating Activities	\$ 222,971

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 FINANCIAL STATEMENTS
June 30, 2011

Note 1 - Basis of Accounting

The Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority are a component unit of Comanche County, and are treated as an enterprise fund of the county. The Authority maintains its accounting records and prepares its financial statements in accordance with generally accepted accounting principles. Generally accepted accounting principles require that financial statements be prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when the obligation is incurred.

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 revenue during the year ended June 30, 2011.

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 6/30/11 is as follows:

Purchased Inventory (at Cost):	
Beverage	\$ 2,373
Food	1,500
Paper	641
Candy	503

Total Inventory	\$ 5,017

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 4 - 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, 2011 is as follows:

	Balance 06/30/2010	Additions	Disposals	Balance 06/30/2011
<u>Fixed Assets</u>				
Machines and Equipment	\$ 220,368	\$ 5,642	(26,906)	\$ 199,104
Furniture and Fixtures	258,921	3,680	(5,221)	257,380
Vehicles	17,145	5,860	(2,500)	20,505
Concessions & Equipment	59,679	0	(1,239)	58,440
Catering Equipment	41,490	2,640	0	44,130
Office Equipment	22,439	12,760	(1,806)	33,393
Work in Progress- RV Park	0	117,665	0	117,665
Building Improvements	4,610,106	8,413	(650,000)	3,968,519
Total	<u>\$ 5,230,148</u>	<u>\$ 156,660</u>	<u>\$ (687,672)</u>	<u>\$ 4,699,136</u>
<u>Accumulated Depreciation</u>				
Machines and Equipment	\$ 119,488	\$ 21,589	(23,796)	\$ 117,281
Furniture and Fixtures	84,478	25,353	(5,221)	104,610
Vehicles	5,407	3,320	(625)	8,102
Concessions & Equipment	44,648	3,032	(821)	46,859
Catering Equipment	7,272	4,153	0	11,425
Office Equipment	4,642	4,761	(1,255)	8,148
Building Improvements	2,661,461	161,006	(650,000)	2,172,467
Total	<u>\$ 2,927,396</u>	<u>\$ 223,214</u>	<u>\$ (681,718)</u>	<u>\$ 2,468,892</u>

Depreciation is charged to expense. Depreciation expense for the year ended June 30, 2011 is \$223,214.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 5 - 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).

	Balance as 6/30/2011
Liberty National Bank- Sales Tax	\$ 255,367
Liberty National Bank- RV	55,468
Change Fund- Concessions	1,700
Liberty National Bank- Payroll	(503)
Liberty National Bank- General Account	(32,230)
	\$ 279,802

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	\$ 1,700	\$ 1,700
Cash in Bank	278,102	0	0	278,102
Temporary Investments:				
Current	0	0	0	0
Due After 90 Days	0	0	0	0
Total	\$ 278,102	\$ 0	\$ 1,700	\$ 279,802

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 6 - 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 7 - 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 8 - Compensated Absences

The Authority does not accrue a liability for compensated absences because the amount cannot be reasonably estimated.

Note 9 - Notes Payable

The Fairgrounds are liable under the following long term loan agreements.

1. The CCIDA Consolidation Note was originally for \$738,385, borrowed to consolidate the previous CCIDA notes. The note carries an interest rate of 3% and requires 4 monthly payments of \$4,937.50 due on the 1st day of each month starting August 1, 2010 and one balloon payment on December 1, 2010 for the entire remaining principal and accrued and unpaid interest. However, before the balloon payment was due, the note was refinanced and the new note carries an interest rate of 3%. It requires annual payments of \$70,000 due on the 25th of January each year starting January 25, 2011. Payments are first applied to the interest and the remainder to principal. Payments for the succeeding five-year period will be approximately as follows:

Dates to Maturity	Amount
July 1, 2011 - June 30, 2012	\$ 50,155
July 1, 2012 - June 30, 2013	51,718
July 1, 2013 - June 30, 2014	53,270
July 1, 2014 - June 30, 2015	54,868
July 1, 2015 - Jan. 25, 2023	451,484
Total	\$ 661,495

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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:

	<u>Employer Share</u>	<u>Employee Share</u>
	<u>Amount</u>	<u>Amount</u>
YE June 30, 2011	\$ 869	\$ 1,104
YE June 30, 2010	0	0
YE June 30, 2009	0	0
Total	\$ 869	\$ 1,104

Note 12 – Key Personnel

Key personnel on June 30, 2011, were as follows:

<u>Board of Trustees</u>		<u>Executive Director</u>
Ken Price	Central District	Phillip Humble
Albert Johnson Jr.	Central District	
Alvis Kennedy	Central District	<u>Office Manager</u>
Mike Hannabass	Western District	Joe Kirk
David Dorrell	Western District	
Jerry Krasser	Western District	<u>Executive Assistant</u>
Mark Henry	Eastern District	Brandy Black
Ronny Love	Eastern District	
Ike Higdon	Eastern District	

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 the financial statements of Comanche County Agricultural & Industrial Exposition and Fair Public Trust Authority (the Trust Authority), as of and for the year ended June 30, 2011, and have issued our report thereon dated October 26, 2011. The Trust Authority did not present a Management's Discussion and Analysis as required by GASB Statement No. 34. The financial statements were prepared on the accrual basis of accounting for governmental activities. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Trust Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Trust Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Trust Authority's financial statements that is more than inconsequential will not be prevented or detected by the Trust Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Trust Authority's internal control.