

INDEPENDENT AUDITOR'S REPORT

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

JUNE 30, 2016

BY



**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
For Year Ended June 30, 2016**

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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 financial statements of the Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority, a component unit of Comanche County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the 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. 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 Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority, a component unit of Comanche County, Oklahoma, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 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.

Management has omitted the required management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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, 2016, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, on our consideration of the Comanche County Agricultural and Industrial Exposition & Fair Public 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 Comanche County Agricultural and Industrial Exposition & Fair Public Trust Authority's internal control over financial reporting and compliance.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

August 30, 2016

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Statement of Net Position
June 30, 2016

ASSETS

Current Assets		
Cash	\$ 444,529	
Prepaid Insurance	24,154	
Accounts Receivable	8,085	
Inventory	5,880	
Total Current Assets		\$ 482,648
Noncurrent Assets		
Fixed Assets	5,076,085	
Less Accumulated Depreciation	(3,498,454)	
Total Noncurrent Assets		1,577,631
TOTAL ASSETS		\$ 2,060,279

LIABILITIES AND NET POSITION

Current Liabilities		
Accrued Payroll Liability	\$ 12,787	
Compensated Absences Liability	9,297	
Leases Payable - short term portion	7,994	
Deferred Revenue - rental deposits	2,300	
Payroll Related Payables	1,643	
Accounts Payable	391	
Total Current Liabilities		\$ 34,412
Noncurrent Liabilities		
Leases Payable	21,838	
Less short term portion	(7,994)	
Total Noncurrent Liabilities		13,844
Total Liabilities		48,256
Net Position		
Net investment in capital assets	1,577,631	
Unrestricted	434,392	
Total Net Position		2,012,023
TOTAL LIABILITIES AND NET POSITION		\$ 2,060,279

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, 2016

Operating Revenues

Comanche County General Funds	\$ 326,587	
Sales Tax Income	264,312	
Rental Receipts	166,645	
Catering, net of cost	107,466	
Ticket Sales	79,853	
Concessions, net of cost	62,844	
Sponsorship Revenue	37,900	
RV Park Fees-Electricity	11,505	
Other Receipts	11,015	
	<hr/>	
Total Operating Revenues		\$ 1,068,127

Operating Expenses

Personnel	390,917	
Depreciation	229,850	
Event Expense	149,102	
Utility Expense	115,445	
Repairs & Maintenance	96,866	
Insurance & Bond Expense	73,253	
Office Expense	26,737	
Supplies	13,342	
Interest Expense	1,216	
	<hr/>	
Total Operating Expenses		<hr/> 1,096,728

Operating Income	(28,601)
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Non - Operating Revenues/Expenses

Loss on Disposal of Fixed Assets	(825)	
Interest Income	236	
	<hr/>	
Total Non - Operating Revenue/(Expenses)		<hr/> (589)

Change in Net Position	(29,190)
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Net Position, as of July 1, 2015	2,041,213
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Net Position, as of June 30, 2016	<u><u>\$ 2,012,023</u></u>
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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, 2016

Cash Flows from Operating Activities

Income Received from the County	\$ 590,899
Income from Others	700,495
Payments to Suppliers	(735,370)
Payments to Employees	(390,262)
Net Cash Provided by Operating Activities	165,762

Cash Flows from Investing Activities

Interest Income	236
Capital Assets Purchased/Sold	(133,221)
Net Cash Used by Investing Activities	(132,985)

Cash Flows from Capital and Related Financing Activities

Cash Used by Long Term Leases Payable	(8,706)
Net Cash Used by Capital and Related Financing Activities	(8,706)

Net Increase (Decrease) in Cash and Cash Equivalents 24,071

Cash and Cash Equivalents - June 30, 2015 420,458

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

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$ (28,601)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	229,850
Decrease in Accounts Receivable	4,501
Increase in Inventory	(2,863)
Increase in Prepaid Insurance	(24,154)
Decrease in Accounts Payable	(10,660)
Increase in Payroll Taxes Payable	200
Increase in Accrued Payroll Liability	481
Decrease in Compensated Absences Liability	(26)
Decrease in Deferred Revenue	(3,310)
Increase in Current Leases Payable	344
Net Cash Provided by Operating Activities	\$ 165,762

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, 2016

Note 1 - Basis of Accounting

The Comanche County Agricultural and Industrial Exposition and Fair Public Trust Authority is a component unit of Comanche County, and is 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 \$326,587 in revenue during the year ended June 30, 2016.

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, 2016 is as follows:

Purchased Inventory (at Cost):	
Beverage	\$ 3,073
Food	2,556
Paper	144
Candy	107
Total Inventory	\$ 5,880

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2016

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, 2016 is as follows:

	Balance 06/30/2015	Additions	Disposals	Balance 06/30/2016
<u>Fixed Assets</u>				
Building Improvements	\$ 4,176,329	\$ 113,617	\$ 0	\$ 4,289,946
Furniture and Fixtures	291,219	0	(25,407)	265,812
Machines and Equipment	241,643	14,045	(8,921)	246,767
Catering Equipment	65,788	0	(1,500)	64,288
Concessions & Equipment	58,361	7,792	(8,734)	57,419
Office Equipment	35,947	2,102	(2,721)	35,328
Vehicles	25,436	15,000	0	40,436
WIP - annex roof	0	69,759	0	69,759
WIP - expo heat	6,330	0	0	6,330
	<u>\$ 4,901,053</u>	<u>\$ 222,315</u>	<u>\$ (47,283)</u>	<u>\$ 5,076,085</u>
<u>Accumulated Depreciation</u>				
Building Improvements	\$ 2,792,500	\$ 168,231	\$ 0	\$ 2,960,731
Machines and Equipment	173,059	17,208	(8,617)	181,650
Furniture and Fixtures	211,358	27,778	(25,158)	213,978
Concessions & Equipment	49,039	2,493	(8,461)	43,071
Catering Equipment	34,143	7,412	(1,500)	40,055
Office Equipment	32,609	2,460	(2,721)	32,348
Vehicles	22,353	4,268	0	26,621
	<u>\$ 3,315,061</u>	<u>\$ 229,850</u>	<u>\$ (46,457)</u>	<u>\$ 3,498,454</u>
Total Fixed Assets, net of depreciation	<u>\$ 1,585,992</u>			<u>\$ 1,577,631</u>

Depreciation is charged to expense. Depreciation expense for the year ended June 30, 2016 is \$229,850.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2016

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 6/30/2016
Liberty National Bank- Sales Tax	\$ 245,674
Liberty National Bank- General Account	177,668
Liberty National Bank- Payroll	18,487
Change Fund- Concessions	2,700
	\$ 444,529

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	0	191,829	441,829
Total	\$ 250,000	\$ 0	\$ 194,529	\$ 444,529

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.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2016

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 amount of earned unpaid vacation time at June 30, 2016 was approximately \$9,297 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.

Forklift			
FYE	Principal	Interest	Total Payment
06/30/2017	4,816	522	5,338
06/30/2018	5,474	348	5,822
06/30/2019	5,116	109	5,225
	\$ 15,406	\$ 979	\$ 16,385

Floor Scrubber			
FYE	Principal	Interest	Total Payment
06/30/2017	3,179	229	3,408
06/30/2018	3,253	72	3,325
	\$ 6,432	\$ 301	\$ 6,733

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Notes to the Financial Statements
June 30, 2016

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, 2016	\$ 8,560	\$ 12,650
YE June 30, 2015	7,505	11,552
YE June 30, 2014	9,440	11,031
Total	\$ 25,505	\$ 35,233

Note 12 – Key Personnel

Key personnel on June 30, 2016, were as follows:

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

Note 13 – Subsequent Events

Subsequent events were evaluated through August 30, 2016, 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 component unit of Comanche County), as of and for the year ended June 30, 2016, 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 August 30, 2016.

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 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.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

August 30, 2016

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Revenue, Expenses, and Changes in Net Position- Budget and Actual
Year Ended June 30, 2016

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Operating Revenues</u>			
Comanche County General Funds	\$ 316,126	\$ 326,587	\$ (10,461)
Sales Tax Income	287,343	264,312	23,031
Rental Receipts	133,916	166,645	(32,729)
Catering Income, net of expenses	95,711	107,466	(11,755)
Concessions, net of expenses	69,405	62,844	6,561
Ticket Sales	41,307	79,853	(38,546)
Sponsorship Revenue	26,950	37,900	(10,950)
RV Park Fees-Electricity	10,592	11,505	(913)
Other Receipts	5,674	11,015	(5,341)
Total Revenue	<u>987,024</u>	<u>1,068,127</u>	<u>(81,103)</u>
<u>Operating Expenses</u>			
Personnel	362,625	390,917	(28,292)
Depreciation	228,000	229,850	(1,850)
Utility Expense	116,640	115,445	1,195
Event Expense	106,149	149,102	(42,953)
Repairs & Maintenance	99,731	96,866	2,865
Insurance & Bond Expense	73,800	73,253	547
Office Expense	17,829	26,737	(8,908)
Supplies	13,996	13,342	654
Interest Expense	0	1,216	(1,216)
Total Expenses	<u>1,018,770</u>	<u>1,096,728</u>	<u>(77,958)</u>
Revenue Over (Under) Expenses	(31,746)	(28,601)	(3,145)
<u>Non-Operating Revenue/Expenses</u>			
Loss on Disposal of Assets	0	(825)	825
Interest Income	0	236	(236)
Total Non-Operating Revenue/(Expenses)	<u>0</u>	<u>(589)</u>	<u>589</u>
Change in Net Position	(31,746)	(29,190)	(2,556)
<u>Net Position, July 1, 2015</u>	<u>2,041,213</u>	<u>2,041,213</u>	<u>0</u>
<u>Net Position, June 30, 2016</u>	<u>\$ 2,009,467</u>	<u>\$ 2,012,023</u>	<u>\$ (2,556)</u>

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

McMahon Foundation Grant

Revenue and Expenditures Compared with Budget

Year Ended June 30, 2016

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
Grant	\$ 50,000	\$ 50,000	\$ 0	\$ 0
Matching Funds	50,000	50,000	0	0
Total Income	100,000	100,000	0	0
<u>Expenditures</u>				
Annex Remodel	100,000	82,949	17,051	0
Total Expenditures	100,000	82,949	17,051	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 17,051</u>	<u>\$ (17,051)</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.