

INDEPENDENT AUDITOR'S REPORT

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

JUNE 30, 2013

BY



**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
For Year Ended June 30, 2013**

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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

Report on the Financial Statements

We have audited the accompanying Statement of Assets, Liabilities, and Net Assets of Comanche County Agricultural & Industrial Exposition and Fair Public Trust Authority, a component unit of Comanche County as of June 30, 2013 and the related Statements of Revenues, Expenses and Changes in Net Assets, and Cash Flows for the year then ended.

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

Opinions

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, 2013, 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.

Other Matters

Required Supplementary Information

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.

The Statement of Revenue, Expenses, and Changes in Net Assets- 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, 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 Trust Authority's internal control over financial reporting and compliance.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

December 19, 2013

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

**A Component Unit of Comanche County
Statement of Assets, Liabilities, and Net Assets
For the Year Ended June 30, 2013**

ASSETS

Current Assets

Cash	\$	287,834	
Accounts Receivable		26,731	
Inventory		2,638	
Total Current Assets			\$ 317,203

Fixed Assets

Vehicles		25,436	
Office Equipment		34,608	
Catering Equipment		51,839	
Concessions & Equipment		54,091	
WIP- RV Park		153,132	
Machines and Equipment		200,482	
Furniture & Fixtures		282,439	
Building Improvements		3,997,239	
Less Accumulated Depreciation		(2,876,603)	
Net Fixed Assets			1,922,663
TOTAL ASSETS			\$ 2,239,866

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	40,634	
Payroll Taxes Payable		1,601	
Accrued Payroll Liability		8,830	
Compensated Absences Liability		17,247	
Total Current Liabilities			\$ 68,312
Total Liabilities			68,312

Net Assets

Net Assets - Unrestricted		2,171,554	
Total Net Assets			2,171,554
TOTAL LIABILITIES AND NET ASSETS			\$ 2,239,866

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 Assets
For the Year Ended June 30, 2013

Operating Revenues

Comanche County General Funds	\$ 349,065	
Tax Income	232,679	
Rental Receipts	170,137	
Catering, net of cost	65,121	
Concessions, net of cost	54,832	
Ticket Sales	46,034	
Sponsorship Revenue	23,600	
In-kind Donations	4,931	
RV Park Fees-Electricity	7,780	
Other Receipts	3,378	
Total Operating Revenues		\$ 957,557

Operating Expenses

Personnel	401,934	
Depreciation	205,513	
Event Expense	142,133	
Utility Expense	115,571	
Insurance & Bond Expense	70,291	
Repairs & Maintenance	71,196	
Office Expense	32,593	
Supplies	28,356	
Interest Expense	352	
Total Operating Expenses		<u>1,067,939</u>
Operating Income		(110,382)

Non - Operating Revenues

Interest Income	189	
Grant Income-CCIDA	619,258	
Total Non - Operating Revenues		<u>619,447</u>

Net Income 509,065

Net Assets, as of July 1, 2012 1,662,489

Net Assets, as of June 30, 2013 \$ 2,171,554

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, 2013**

Cash Flows from Operating Activities

Income Received from the County	\$ 581,745
Income from Others	565,211
Payments to Suppliers	(641,135)
Payments to Employees	<u>(396,611)</u>
 Net Cash Provided by Operating Activities	 109,210

Cash Flows from Investing Activities

Interest Income	189
Capital Assets Purchased	<u>(55,249)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(55,060)</u>

Cash Flows from Capital and Related Financing Activities

Cash Used by Capital Related Debt	<u>0</u>
 Net Cash Provided (Used) by Capital and Related Financing Activities	 0

Net Increase (Decrease) in Cash and Cash Equivalents 54,150

Cash and Cash Equivalents - June 30, 2012 233,684

Cash and Cash Equivalents - June 30, 2013 \$ 287,834

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$ (110,382)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	205,513
Increase in Accounts Receivable	(11,826)
Decrease in Inventory	1,560
Increase in Accounts Payable	7,196
Increase in Payroll Taxes Payable	210
Increase in Accrued Payroll Liability	8,830
Increase in Compensated Absences Liability	8,250
Decrease in Accrued Interest Payable	<u>(141)</u>
 Net Cash Provided by Operating Activities	 <u>\$ 109,210</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
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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 \$349,065 in revenue during the year ended June 30, 2013.

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, 2013 is as follows:

Purchased Inventory (at Cost):	
Food	\$ 1,399
Beverage	692
Paper	335
Candy	<u>212</u>
Total Inventory	<u><u>\$ 2,638</u></u>

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013 is as follows:

	Balance 06/30/2012	Additions	Disposals	Balance 06/30/2013
<u>Fixed Assets</u>				
Building Improvements	\$ 3,968,517	\$ 28,722	\$ 0	\$ 3,997,239
Furniture and Fixtures	267,167	15,272	0	282,439
Machines and Equipment	200,482	0	0	200,482
Work in Progress- RV Park	148,267	4,865	0	153,132
Concessions & Equipment	54,091	0	0	54,091
Catering Equipment	50,380	1,459	0	51,839
Office Equipment	34,608	0	0	34,608
Vehicles	20,505	4,931	0	25,436
	<u>\$ 4,744,017</u>	<u>\$ 55,249</u>	<u>\$ 0</u>	<u>\$ 4,799,266</u>
<u>Accumulated Depreciation</u>				
Building Improvements	\$ 2,320,978	\$ 148,950	\$ 0	\$ 2,469,928
Machines and Equipment	132,311	11,831	0	144,142
Furniture and Fixtures	130,498	26,057	0	156,555
Concessions & Equipment	44,439	2,425	0	46,864
Catering Equipment	16,123	5,051	0	21,174
Office Equipment	14,538	6,520	0	21,058
Vehicles	12,203	4,679	0	16,882
	<u>\$ 2,671,090</u>	<u>\$ 205,513</u>	<u>\$ 0</u>	<u>\$ 2,876,603</u>

Depreciation is charged to expense. Depreciation expense for the year ended June 30, 2013 is \$205,513.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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 6/30/2013
Liberty National Bank- Sales Tax	\$ 233,219
Liberty National Bank- General Account	34,779
Liberty National Bank- RV	16,484
Change Fund- Concessions	3,700
Liberty National Bank- Payroll	(348)
	\$ 287,834

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	\$ 3,700	\$ 3,700
Cash in Bank	284,134	0	0	284,134
Total	\$ 284,134	\$ 0	\$ 3,700	\$ 287,834

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

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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 amount of earned unpaid vacation/sick time at June 30, 2013 was approximately \$17,247.

Note 9 - Notes Payable/Grant Income

The CCIDA accepted a proposal to forgive the promissory note in the amount of \$611,666 in the form of a current grant received. Therefore, grant income was recorded in the amounts of \$611,666 for principal and \$7,592 for interest.

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.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

The schedule of contributions for the current and two preceding years are as follows:

	Employer Portion	Employee Portion
YE June 30, 2013	\$ 9,411	\$ 11,128
YE June 30, 2012	8,009	9,779
YE June 30, 2011	869	1,104
Total	\$ 18,289	\$ 22,011

Note 12 – Key Personnel

Key personnel on June 30, 2013, were as follows:

Board of Trustees

Ken Price	Central District
Mollie Burton	Central District
David Dorrell	Western District
Mike Hannabass	Western District
Jerry Krasser	Western District
Mark Henry	Eastern District
Ike Higdon	Eastern District
Ronny Love	Eastern District

Executive Director

Phillip Humble

Office Manager

Joe Kirk

Executive Assistant

Brandy Black



**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, 2013, and have issued our report thereon dated December 19, 2013. 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 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. 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 and Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

December 19, 2013

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
Revenue, Expenses, and Changes in Net Assets- Budget and Actual
Year Ended June 30, 2013

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Comanche County General Funds	\$ 350,000	\$ 349,065	\$ 935
Tax Income	235,000	232,679	2,321
Rental Receipts	200,000	170,137	29,863
Ticket Sales	100,000	46,034	53,966
Concessions, net of cost	65,000	54,832	10,168
Catering, net of cost	75,000	64,833	10,167
Sponsorship Revenue	30,000	23,600	6,400
Other Receipts	10,000	8,309	1,691
RV Park Fees	10,000	7,780	2,220
	<hr/>	<hr/>	<hr/>
Total Revenue	1,075,000	957,269	117,731
<u>Expenses</u>			
Personnel	425,000	401,934	23,066
Depreciation	200,000	205,513	(5,513)
Event Expense	130,000	142,133	(12,133)
Utility Expense	100,000	115,571	(15,571)
Insurance & Bond Expense	75,000	70,291	4,709
Repairs & Maintenance	75,000	71,196	3,804
Office Expense	30,000	32,593	(2,593)
Supplies	30,000	28,356	1,644
Interest Expense	10,000	352	9,648
	<hr/>	<hr/>	<hr/>
Total Expenses	1,075,000	1,067,939	7,061
<u>Revenue Over (Under) Expenses</u>	0	(110,670)	110,670
<u>Non-Operating Revenue</u>			
Grant Income-CCIDA	0	619,258	(619,258)
Interest Income	0	189	(189)
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenue	0	619,447	(619,447)
Net Income (Loss)	0	508,777	(508,777)
<u>Net Assets, July 1, 2012</u>	<hr/>	<hr/>	<hr/>
	1,662,489	1,662,489	0
<u>Net Assets, June 30, 2013</u>	<hr/>	<hr/>	<hr/>
	\$ 1,662,489	\$ 2,171,266	\$ (508,777)

Please see accompanying notes to the financial statements.