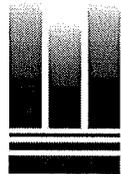


INDEPENDENT AUDITOR'S REPORT

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

JUNE 30, 2014

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, 2014**

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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 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, 2014, 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 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 the business-type activities of the Comanche County Agricultural & Industrial Exposition and Fair Public Trust Authority as of June 30, 2014, 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 Statement of Revenue, Expenses, and Changes in Net Assets - Budget and Actual are not a required part of the basic financial statements but are required supplementary information. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Revenue, Expenses, and Changes in Net Assets - Budget and Actual are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014, 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

Lawton, Oklahoma

September 29, 2014

**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, 2014

ASSETS

Current Assets		
Cash	\$ 310,104	
Accounts Receivable	28,692	
Inventory	2,240	
Total Current Assets		\$ 341,036
Fixed Assets		
WIP- Expo Heating	6,330	
Building Improvements	4,174,029	
Furniture & Fixtures	287,430	
Machines and Equipment	240,803	
Catering Equipment	61,566	
Concessions & Equipment	58,914	
Office Equipment	34,608	
Vehicles	25,436	
Less Accumulated Depreciation	(3,088,727)	
Net Fixed Assets		1,800,389
TOTAL ASSETS		\$ 2,141,425

LIABILITIES AND NET ASSETS

Current Liabilities		
Accrued Payroll Liability	\$ 10,857	
Compensated Absences Liability	9,562	
Leases Payable - Short Term Portion	8,773	
Accounts Payable	7,151	
Payroll Taxes/Withholdings Payable	1,450	
Total Current Liabilities	37,793	
Long Term Liabilities		
Leases Payable	39,656	
Less Short Term Portion	(8,773)	
Total Long Term Liabilities	30,883	
Total Liabilities		\$ 68,676
Net Assets		
Net Assets - Unrestricted	2,072,749	
Total Net Assets		2,072,749
TOTAL LIABILITIES AND NET ASSETS		\$ 2,141,425

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, 2014

<u>Operating Revenues</u>		
Comanche County General Funds	\$	326,127
Tax Income		232,687
Rental Receipts		122,415
Catering, net of cost		71,009
Concessions, net of cost		49,364
Sponsorship Revenue		26,350
Ticket Sales		21,611
RV Park Fees-Electricity		11,162
Other Receipts		8,392
Total Operating Revenues		\$ 869,117
<u>Operating Expenses</u>		
Personnel		344,252
Depreciation		220,470
Utility Expense		111,395
Event Expense		99,777
Repairs & Maintenance		89,184
Insurance & Bond Expense		63,321
Office Expense		22,087
Supplies		14,137
Interest Expense		148
Total Operating Expenses		964,771
Operating Income		(95,654)
<u>Non - Operating Revenues</u>		
Interest Income		232
Gain or (Loss) on Disposal of Assets		(3,383)
Total Non - Operating Revenues		(3,151)
Net Income		(98,805)
Net Assets, as of July 1, 2013		2,171,554
Net Assets, as of June 30, 2014		\$ 2,072,749

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, 2014**

Cash Flows from Operating Activities

Income Received from the County	\$	326,127
Income from Others		704,513
Payments to Suppliers		(577,659)
Payments to Employees		<u>(369,019)</u>
 Net Cash Provided by Operating Activities	 \$	 83,962

Cash Flows from Investing Activities

Interest Income		232
Capital Assets Purchased		<u>(101,580)</u>
 Net Cash Provided (Used) by Investing Activities		 <u>(101,348)</u>

Cash Flows from Capital and Related Financing Activities

Cash Provided by Capital Related Debt		<u>39,656</u>
 Net Cash Provided (Used) by Capital and Related Financing Activities		 <u>39,656</u>

Net Increase (Decrease) in Cash and Cash Equivalents 22,270

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

Cash and Cash Equivalents - June 30, 2014 \$ 310,104

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$	(95,654)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Depreciation Expense		220,470
Increase in Accounts Receivable		(1,961)
Decrease in Inventory		398
Decrease in Accounts Payable		(33,482)
Decrease in Payroll Taxes Payable		(151)
Increase in Accrued Payroll Liability		2,027
Decrease in Compensated Absences Liability		<u>(7,685)</u>
 Net Cash Provided by Operating Activities	 \$	 <u><u>83,962</u></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, 2014

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 \$326,127 in revenue during the year ended June 30, 2014.

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, 2014 is as follows:

Purchased Inventory (at Cost):	
Food	\$ 1,361
Beverage	206
Paper	214
Candy	<u>459</u>
Total Inventory	<u><u>\$ 2,240</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, 2014

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, 2014 is as follows:

	Balance 06/30/2013	Additions	Disposals	Balance 06/30/2014
<u>Fixed Assets</u>				
Building Improvements	\$ 3,997,239	\$ 188,520	\$ (11,730)	\$ 4,174,029
Furniture and Fixtures	282,440	4,990	0	287,430
Machines and Equipment	200,481	40,322	0	240,803
Concessions & Equipment	54,091	4,823	0	58,914
Catering Equipment	51,838	9,728	0	61,566
Office Equipment	34,608	0	0	34,608
Vehicles	25,436	0	0	25,436
Work In Process-Expo Heat	0	6,330	0	6,330
Total Fixed Assets	<u>\$ 4,646,133</u>	<u>\$ 254,713</u>	<u>\$ (11,730)</u>	<u>\$ 4,889,116</u>
<u>Accumulated Depreciation</u>				
Building Improvements	\$ 2,469,460	\$ 164,241	\$ (7,878)	\$ 2,625,823
Machines and Equipment	144,142	11,704	0	155,846
Furniture and Fixtures	156,555	27,199	0	183,754
Concessions & Equipment	46,864	1,765	0	48,629
Catering Equipment	21,174	5,861	0	27,035
Office Equipment	21,058	6,387	0	27,445
Vehicles	16,882	3,313	0	20,195
Total Depreciation	<u>\$ 2,876,135</u>	<u>\$ 220,470</u>	<u>\$ (7,878)</u>	<u>\$ 3,088,727</u>
Total Fixed Assets, net of depreciation	<u>\$ 1,769,998</u>			<u>\$ 1,800,389</u>

Depreciation is charged to expense. Depreciation expense for the year ended June 30, 2014 is \$220,470.

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority**
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 6/30/2014
Liberty National Bank- Sales Tax	\$ 234,794
Liberty National Bank- General Account	72,019
Change Fund- Concessions	2,700
Liberty National Bank- Payroll	591
	\$ 310,104

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	307,404	0	0	307,404
Total	\$ 307,404	\$ 0	\$ 2,700	\$ 310,104

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 FINANCIAL STATEMENTS
June 30, 2014

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, 2014 was approximately \$9,562, and was accrued since it is a post-employment benefit. Sick leave is not paid upon termination, so 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 \$485.22. 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 \$307.55.

Forklift			
FYE	Principal	Interest	Total Payment
06/30/2015	\$ 5,201	\$ 622	\$ 5,823
06/30/2016	5,020	803	5,823
06/30/2017	5,240	583	5,823
06/30/2018	5,470	353	5,823
06/30/2019	5,225	598	5,823
	\$ 26,156	\$ 2,959	\$ 29,115

Floor Scrubber			
FYE	Principal	Interest	Total Payment
06/30/2015	\$ 3,423	\$ 268	\$ 3,691
06/30/2016	3,309	382	3,691
06/30/2017	3,459	232	3,691
06/30/2018	3,309	382	3,691
	\$ 13,500	\$ 1,264	\$ 14,764

**Comanche County Agricultural and Industrial
Exposition and Fair Public Trust Authority
A Component Unit of Comanche County
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014	\$ 9,440	\$ 11,031
YE June 30, 2013	9,411	11,128
YE June 30, 2012	8,009	9,779
Total	\$ 26,860	\$ 31,938

Note 12 – Key Personnel

Key personnel on June 30, 2014, were as follows:

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



**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, as of and for the year ended June 30, 2014, 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 September 29, 2014.

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

September 29, 2014

**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, 2014

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Comanche County General Funds	\$ 326,126	\$ 326,127	\$ (1)
Tax Income	217,093	232,687	(15,594)
Catering Income, net of costs	54,378	71,009	(16,631)
Rental Receipts	125,811	122,415	3,396
Concessions, net of costs	42,650	49,364	(6,714)
Ticket Sales	83,893	21,611	62,282
Sponsorship Revenue	23,250	26,350	(3,100)
RV Park Fees	6,433	11,162	(4,729)
Other Receipts	8,492	8,392	100
Total Revenue	888,126	869,117	19,009
<u>Expenses</u>			
Personnel	377,022	344,252	32,770
Depreciation	206,807	220,470	(13,663)
Event Expense	122,889	99,777	23,112
Utility Expense	121,147	111,395	9,752
Insurance & Bond Expense	77,004	63,321	13,683
Repairs & Maintenance	87,382	89,184	(1,802)
Office Expense	34,019	22,087	11,932
Supplies	13,706	14,137	(431)
Interest Expense	0	148	(148)
Total Expenses	1,039,976	964,771	75,205
Revenue Over (Under) Expenses	(151,850)	(95,654)	(56,196)
<u>Non-Operating Revenue</u>			
Gain or (Loss) on Disposal of Assets	0	(3,383)	3,383
Interest Income	0	232	(232)
Total Non-Operating Revenue	0	(3,151)	3,151
Net Income (Loss)	(151,850)	(98,805)	(53,045)
Net Assets, July 1, 2013	2,171,554	2,171,554	0
Net Assets, June 30, 2014	\$ 2,019,704	\$ 2,072,749	\$ (53,045)

Please see accompanying notes to the financial statements.