

COMANCHE COUNTY  
INDUSTRIAL DEVELOPMENT AUTHORITY  
A Component-unit of  
Comanche County

Financial Statements  
June 30, 2012

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COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
(an Oklahoma Public Trust)

Management's Discussion and Analysis  
For the Year Ended June 30, 2012

The following discussion and analysis of the Comanche County Industrial Development Authority's (the Authority's) financial performance presents management's overview of the Authority's financial activities for the year ended June 30, 2012. Please read it in conjunction with the Authority's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two parts – Management's Discussion and Analysis (this section) and the Basic Financial Statements.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB No. 34 established financial reporting standards for state and local governments, including cities, villages and special purpose governments such as the Comanche County Industrial Development Authority.

**Overview of the Basic Financial Statements**

The Authority, a component-unit of Comanche County, operates as a public trust under the Oklahoma Statutes to promote economic growth within Comanche County. The basic financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, the Authority's basic financial statements include four components:

- *Statement of Net Assets*
- *Statement of Revenues, Expenses and Changes in Net Assets*
- *Statement of Cash Flows*
- *Notes to the Financial Statements*

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. The *Statement of Net Assets* provides the basis for evaluating the capital structure of the authority and assessing its liquidity and financial flexibility. The net assets section is displayed in three categories:

- Invested in Capital Assets, Net of Related Debt
- Restricted
- Unrestricted

The *Statement of Revenues, Expenses, and Changes in Net Assets* presents information which shows how the Authority's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. This statement measures the success of the Authority's operations over the past year and determines whether the Authority has recovered its costs through various revenues.

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Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2012

The *Statement of Cash Flows* provides information regarding the Authority's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Noncapital financing
- Capital financing
- Investing

This statement differs from the *Statement of Revenues, Expenses and Changes in Net Assets* in that it accounts only for transactions that result in cash receipts and cash disbursements.

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

**Financial Analysis of the Authority**

**Net Assets** - The Authority's net assets increased between fiscal years 2011 and 2012 – increasing from \$11,275,756 to \$11,757,361.

**Comanche County Industrial Development Authority  
Statement of Net Assets**

|  | <u>2012</u>                 | <u>2011</u>                 | <u>% Change</u> |
|--|-----------------------------|-----------------------------|-----------------|
| Current Assets                                     | \$ 8,509,506                | \$ 8,031,322                | 5.95%           |
| Noncurrent Assets                                  | 1,883,928                   | 1,880,507                   | 0.18%           |
| Capital Assets                                     | <u>1,363,927</u>            | <u>1,363,927</u>            | -               |
| <b>Total Assets</b>                                | <b><u>\$ 11,757,361</u></b> | <b><u>\$ 11,275,756</u></b> | 4.27%           |
| Current Liabilities                                | \$ -                        | \$ -                        |                 |
| Noncurrent Liabilities                             | <u>-</u>                    | <u>-</u>                    |                 |
| <b>Total Liabilities</b>                           | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>          |                 |
| Invested in Capital Assets,<br>Net of Related Debt | \$ 1,363,927                | \$ 1,363,927                | -               |
| Unrestricted                                       | <u>10,393,434</u>           | <u>9,911,829</u>            | 4.86%           |
| <b>Total Net Assets</b>                            | <b><u>\$ 11,757,361</u></b> | <b><u>\$ 11,275,756</u></b> | 4.27%           |

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2012

**Change in Net Assets** - During the year ending June 30, 2012, the Authority's operating revenues were \$941,733, an increase of \$37,739 (5.61%) over the prior fiscal year, and operating expenses were \$462,379, a increase of \$326,599 (240.54%), resulting in \$479,354 income from operations. The increase in operating expenses for this year was primarily a result of an increase in grants. In the fiscal year 2011, grants comprised 64.55% of the Authority's total expenses.

**Comanche County Industrial Development Authority**  
**Changes in Net Assets**

|                                     | <u>2012</u>       | <u>2011</u>       | <u>% Change</u> |
|-------------------------------------|-------------------|-------------------|-----------------|
| Operating Revenues                  | \$ 941,733        | \$ 891,699        | 5.61%           |
| Operating Expenses                  | <u>462,379</u>    | <u>135,780</u>    | 240.54%         |
| <b>Income(Loss) from Operations</b> | 479,354           | 755,919           | (36.59%)        |
| Nonoperating Revenues               | <u>2,251</u>      | <u>14,546</u>     | (84.53%)        |
| <b>Change in Net Assets</b>         | <u>\$ 481,605</u> | <u>\$ 770,465</u> | (37.49%)        |

The Authority's interest revenue on investments decreased by \$18,607 (89.21%). This decrease was due to lower rates of return on the Authority's deposits. Interest on notes receivable increased by \$22,344 (33.33%).

**2011-12 Revenue for Comanche County Industrial Development Authority**

|                              |                   |         |
|------------------------------|-------------------|---------|
| Sales tax proceeds           | \$ 845,903        | 89.61%  |
| Lease payments               | 6,450             | 0.68%   |
| Interest on notes receivable | 89,380            | 9.47%   |
| Interest on investments      | <u>2,251</u>      | 0.24%   |
| <b>Total Revenues</b>        | <u>\$ 943,984</u> | 100.00% |

**COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

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Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2012

**2011-12 Expense for Comanche County Industrial Development Authority**

|                             |                   |         |
|-----------------------------|-------------------|---------|
| Goodyear grant              | \$ 418,630        | 90.54%  |
| Operations & administration | <u>43,749</u>     | 9.46%   |
| Total Expenses              | <u>\$ 462,379</u> | 100.00% |

**Capital Assets**

At June 30, 2012, the Authority had \$1,363,927 invested in land and improvements in the Industrial Park. There is no related debt on investments in capital assets.

**Debt Administration**

The Authority did not have any debt at June 30, 2012.

**Economic Factors**

The Authority's excellent financial condition is expected to continue during fiscal year 2012-13. The Authority's primary source of revenue was the 0.125% sales tax to be assessed from July 1, 2007 through December 31, 2014, of which the County has committed to providing \$700,000 per year to the Comanche County Industrial Development Authority. The economic climate in Comanche County appears to be relatively stable and no significant changes in the Authority's operations are anticipated in the near future.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2012

**Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact Comanche County Industrial Development Authority at P.O. Box 2334, Lawton, Oklahoma 73502.



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(580) 353-2122  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Comanche County Industrial Development Authority  
Lawton, Oklahoma

We have audited the accompanying financial statements of Comanche County Industrial Development Authority (an Oklahoma Public Trust), a component-unit of Comanche County, as of and for the year ended June 30, 2012. These financial statements are the responsibility of Comanche County Industrial Development 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comanche County Industrial Development Authority, as of June 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012, on our consideration of Comanche County Industrial Development 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 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.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 1 - 5 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 principally of inquiries of management regarding 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.

*Hatch, Croke & Associates, P.C.*

Hatch, Croke & Associates, P.C.  
September 21, 2012

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
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Statement of Net Assets  
June 30, 2012

ASSETS

Current assets:

|  |               |
|--|---------------|
| Cash and cash equivalents, unrestricted      | \$ 8,168,323  |
| Sales tax receivable                         | 69,365        |
| Interest receivable                          | 219,913       |
| Current portion of notes receivable (NOTE 3) | <u>51,905</u> |

Total current assets 8,509,506

Noncurrent assets:

|   |                  |
|---|------------------|
| Noncurrent portion of notes receivable (NOTE 3) | <u>1,883,928</u> |
|---|------------------|

Total noncurrent assets 1,883,928

Capital assets:

|                                    |               |
|------------------------------------|---------------|
| Land                               | 1,304,243     |
| WIP - Industrial Park Improvements | <u>59,684</u> |

Total capital assets 1,363,927

**TOTAL ASSETS** \$ 11,757,361

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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Statement of Net Assets (Continued)  
June 30, 2012

|   |                             |
|---|-----------------------------|
| <b><u>LIABILITIES</u></b>                       | <b><u>\$ -</u></b>          |
| <b><u>NET ASSETS</u></b>                        |                             |
| Invested in capital assets, net of related debt | \$ 1,363,927                |
| Unrestricted net assets                         | <u>10,393,434</u>           |
| <b>TOTAL NET ASSETS</b>                         | <b><u>\$ 11,757,361</u></b> |

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
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Statements of Revenues, Expenses, and Changes in Net Assets  
For the Year Ended June 30, 2012

**OPERATING REVENUES**

|                              |              |
|------------------------------|--------------|
| Sales tax revenue            | \$ 845,903   |
| Interest on notes receivable | 89,380       |
| Lease payments               | <u>6,450</u> |

TOTAL OPERATING REVENUES 941,733

**OPERATING EXPENSES**

|                                 |               |
|---------------------------------|---------------|
| Accounting fees                 | 1,900         |
| Auditing fees                   | 5,800         |
| Bank charges and fiduciary fees | 23,685        |
| Grant - Goodyear                | 418,630       |
| Legal fees                      | <u>12,364</u> |

TOTAL OPERATING EXPENSES 462,379

**OPERATING INCOME (LOSS)** 479,354

**NONOPERATING REVENUES (EXPENSES)**

|                         |              |
|-------------------------|--------------|
| Interest on investments | <u>2,251</u> |
|-------------------------|--------------|

TOTAL NONOPERATING REVENUES (EXPENSES) 2,251

**CHANGE IN NET ASSETS** 481,605

NET ASSETS, Beginning of year 11,275,756

**NET ASSETS, End of year** \$ 11,757,361

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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Statement of Cash Flows  
For the Year Ended June 30, 2012

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                  |
|--|------------------|
| Cash received from debtors               | \$ 488,630       |
| Cash received from sales tax collections | 776,537          |
| Cash received from lease payments        | 6,450            |
| Cash payments for operations             | (462,379)        |
| Cash payment for loans                   | <u>(700,000)</u> |

NET CASH PROVIDED BY OPERATING ACTIVITIES 109,238

**CASH FLOWS FROM CAPITAL FINANCING**

-

NET CASH USED BY CAPITAL FINANCING ACTIVITIES -

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                   |                |
|-----------------------------------|----------------|
| Interest received on investments  | 2,249          |
| Proceeds from sale of investments | <u>245,000</u> |

NET CASH PROVIDED BY INVESTING ACTIVITIES 247,249

NET INCREASE IN CASH AND CASH EQUIVALENTS 356,487

BEGINNING CASH AND CASH EQUIVALENTS 7,811,836

ENDING CASH AND CASH EQUIVALENTS \$ 8,168,323

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
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Statement of Cash Flows (Continued)  
For the Year Ended June 30, 2012

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

|  |                          |
|--|--------------------------|
| Operating Income(Loss)   | \$ 479,354               |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities: |                          |
| Changes in net assets and liabilities:   |                          |
| Sales tax receivable   | (69,365)                 |
| Accrued interest on notes receivable   | (50,581)                 |
| Notes receivable   | <u>(250,170)</u>         |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <b><u>\$ 109,238</u></b> |

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
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Notes to Financial Statements  
June 30, 2012

**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies**

Organization

The Comanche County Industrial Development Authority (CCIDA) was formed in October, 1969, as a public trust under the Oklahoma Statutes. The trust was formed principally to develop industry and culture and related activities within Comanche County, Oklahoma, the beneficiary, and to promote the economic well-being of its citizens. It is considered as a component-unit of Comanche County as defined by Government Accounting Standards.

Originally the principal activity of the trust was to develop Comanche County's industrial base through loans for facilities to businesses. The declaration of trust was amended in December, 1986, to include financial assistance to health care facilities.

The Authority currently provides loans to businesses for the construction of new facilities or the expansion of existing facilities in order to promote economic growth within Comanche County. To further assist its efforts to stimulate economic growth, the Authority offers incentive agreements (grants) which provide businesses the opportunity to reduce their debt to the Authority through the accumulation of "Job Creation Credits," earned by establishing new jobs.

Basis of Accounting

The Authority records revenues when earned and expenses when the obligation is incurred. The Authority is considered a proprietary component-unit of Comanche County, and consequently uses the accrual basis of accounting to record its transactions. The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Operating income includes revenues and expenses related to the primary, continuing operations of the Authority. Principal operating revenues are sales tax revenues for industrial development and revenues received in conjunction with economic development loans. Principal operating expenses are the costs of providing grants and loans for industrial development and include administrative expenses. Other revenues and expenses are classified as nonoperating in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
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Notes to Financial Statements  
June 30, 2012

**NOTE 1 - Nature of Activities and Summary of Significant  
Accounting Policies (continued)**

Property and Equipment

Fixed assets are recorded at cost and are depreciated using the straight-line method with estimated useful lives varying from two to forty years.

Cash and Investments

Included in the account "Cash and cash equivalents" on the component unit financial statements as well as the Statement of Cash Flows are interest bearing checking accounts and demand deposits with maturities of three months or less at the time they are purchased by the Authority.

Cash and cash equivalents held in the trust accounts at BancFirst are invested in a government money market fund. These funds are not subject to bank creditors in the event of a bank failure. The fund invests only in marketable securities issued or guaranteed by the U.S. government.

The Authority has not adopted a formal deposit and investment policy; therefore, investments are restricted to the requirements of Oklahoma statutes which include investment in any agencies or instrumentalities of the U.S. government.

Cash deposits are reported at carrying amount which reasonably estimates fair value. Investments are reported at fair value. All of the Authority's securities are traded on a national exchange and are valued at the last reported sales price at current exchange rates.

Notes Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Authority's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any payments not anticipated in accordance with the contractual terms. The Authority's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off. Interest income on nonaccrual loans is recognized only to the extent cash payments are received. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
A Component-unit of Comanche County  
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Notes to Financial Statements  
June 30, 2012

**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)**

Subsequent Events

Management has evaluated subsequent events through September 21, 2012, the date the financial statements were available to be issued.

**NOTE 2 - Deposits**

*Custodial credit risk* for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. Deposits of the Authority are insured or collateralized with securities held by the Authority, its agent, or by the pledging financial institution's trust department or agent in the name of the Authority.

**NOTE 3 - Notes Receivable**

Notes receivable at June 30, 2012, were as follows:

Comanche County Fairgrounds Trust Authority - \$611,666

On June 25, 2010, the Authority executed a note with the Comanche County Fairgrounds Trust Authority in the amount of \$738,385. This note was made to consolidate all outstanding notes owed to CCIDA. The interest rate on this note is 3% per annum. Four payments of \$4,919 were due on August 1<sup>st</sup>, September 1<sup>st</sup>, October 1<sup>st</sup>, and November 1<sup>st</sup>, 2010. In addition, annual payments of \$70,000 are due beginning January 25, 2011 thru January 25, 2020. The Fairgrounds is required to make a balloon payment for the amount outstanding on January 24, 2021. The current principal amount on this note, due within the next year, is \$51,905.

Comanche County Memorial Hospital - \$624,167

On June 7, 2007, the Authority executed a note with Comanche County Memorial Hospital (CCMH) in the original amount of \$624,167 with 6% interest on the unpaid balance until paid. Principal and accrued interest is due on April 15, 2015 and is expected to be paid by job creation credits. In addition, CCMH must continuously maintain an additional 10 critical care beds at its Lawton facility for the period beginning January 1, 2010 through December 31, 2014 and they must also invest \$700,000 in training and educational costs directly related to the newly created jobs identified in the incentive and loan agreement.

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Notes to Financial Statements  
June 30, 2012

**NOTE 3 - Notes Receivable (continued)**

Goodyear - \$400,000

On January 25, 2011, the Authority executed a note with Goodyear in the original amount of \$2,000,000 with 5% interest on the unpaid balance until paid. The loan will be disbursed in five equal annual installments of \$400,000. Principal and accrued interest is expected to be paid by job creation credits. In addition to the job creation credits, Goodyear must invest \$150,000,000 to purchase equipment and expand its existing facility. Goodyear also agreed to add 50 full time positions over the number of full-time positions as of February 1, 2010.

Medicine Park Economic Development - \$300,000

On August 12, 2011, the Authority executed a note with the Medicine Park Economic Development Authority (MPEDA) in the amount of \$300,000 with 5% interest on the unpaid balance until paid. Principal and accrued interest is due on July 1, 2023 and is expected to be paid by job creation credits.

**NOTE 4 - Commitments and Contingencies**

Economic Dependency

The Authority receives its resources primarily from sources within Comanche County. Consequently, the Authority's ability to operate as a going concern is dependent on the economic conditions of this area.

Lawton-Fort Sill Economic Development Corporation - Delta Airlines Financial Guarantee

On August 14, 2007, the Board of Trustees approved an agreement to provide a \$500,000 financial guarantee to Delta Airlines in order to entice Delta Airlines to maintain jet service of at least twenty-four (24) flights per week beginning September 14, 2008 through September 14, 2009 between the Lawton Airport and Delta's hub in Atlanta.

The guarantee would cover operations for the second year of a two year agreement. The funds would be requested by the Lawton Industrial Foundation and paid to Delta Airlines only in the event air service usage numbers for the period September 14, 2008 through September 14, 2009 do not meet the threshold identified in the agreement between Lawton Industrial Found Foundation and Delta Airlines. On September 3, 2008, the authority entered into an agreement with ASCOG to provide reimbursement for the cost associated with the Delta Airlines guarantee. As of June 30, 2012 no amounts have been paid to Delta Airlines. The full amount of the guarantee may not be owed due to Delta prematurely terminating their contract. Management estimates that the amount due to Delta will be between \$0 and \$125,000.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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Notes to Financial Statements  
June 30, 2012

**NOTE 4 - Commitments and Contingencies (continued)**

Lawton Chamber of Commerce and Industry (LCCI)

On April 6, 2010, the Board of Trustees approved a grant of \$337,500 to LCCI for improvements to 480 acres of property owned by the Authority in West Lawton on the condition that they receive an additional \$750,000 in matching funds from the federal government. As of June 30, 2012 no funds were disbursed to LCCI.

The Authority has also agreed to hire Garver Engineering to complete a Master Plan and two work orders for program management and planning purposes not exceeding \$49,600 and \$110,300 for the industrial park described above.

City of Elgin(EEDA)

On July 20, 2010 the Board of Trustees approved a motion to loan EEDA \$625,000. The new loan is conditioned upon EEDA's receipt of matching funds from the Economic Development Administration. The new loan and accrued interest will be repaid with job credits. As of June 30, 2012 no funds were disbursed to the City of Elgin.

Conference Center Project

On August 24, 2012, the Board of Trustees approved a loan in the amount of \$1,500,000 to the Lawton Enhancement Development Authority (LEDA). The loan will be repaid with the "Hotel-Conference Center Sales Tax Increment", with repayment commencing on the first day after the first month full month after the City of Lawton receives the sales tax generated from the operation of the hotel and conference center or January 1, 2014, whichever is later. Interest will accrue at an annual rate of 3.14% and will not exceed the maximum rate as provided for by the laws of the State of Oklahoma. LEDA intends to use these funds for project costs associated with the development of the conference center. As of June 30, 2012 no funds were disbursed to LEDA.

On August 24, 2012, the Board of Trustees approved a loan in the amount of \$3,000,000 to Lawton Lodging Lender, Inc. The proceeds from the loan will be used for project and transaction costs associated with the development of a conference center and hotel within Lawton's Downtown Redevelopment Area. The first interest payment will be made three years from the opening date of the conference center and annually thereafter until the note matures. The loan principal will be repaid in 8.5 years after the disbursement date at an interest rate of 3.0%. If the average annual occupancy of the hotel exceeds 80% during any calendar year, the Authority will be paid an additional 1% in interest as a bonus on the outstanding loan amount. During any annual period in which occupancy is "stressed", all payments of interest and principal on the loan will be deferred until the hotel is no longer stressed. However, if the average occupancy for a "stressed" year is less than 50%, no interest will accrue on the loan during that year. The term "stressed" means any annual period in which the average annual occupancy of the hotel falls below 60% and the average occupancy of the other hotels in the competitive market falls below 65%. As of June 30, 2012 no funds were disbursed to Lawton Lodging Lender, Inc.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of Comanche County  
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Notes to Financial Statements  
June 30, 2012

**NOTE 4 - Commitments and Contingencies (continued)**

Goodyear Tire & Rubber

On September 10, 2010, the Board of Trustees approved a loan in the amount of \$2,000,000 to Goodyear Tire & Rubber Company. Loan proceeds will be disbursed in five equal payments of \$400,000 beginning January 1, 2011. The loan and accrued interest will be repaid with job credits. Goodyear also agreed to spend \$150,000,000 for the purchase of equipment and the expansion of its Comanche County facility. The Authority's obligations to Goodyear are contingent upon its receipt of sales tax revenue to fully fund the loan. The Authority has disbursed \$800,000 to Goodyear as of June 30, 2012.

Northrop Grumman Office Building Development

On January 31, 2012 the board approved a letter of intent for financing and developing an office building to serve Northrop Grumman Corporation. The financial incentives proposed amount to \$875,850 which will be used to secure ownership for the real estate necessary for the development. CCIDA will lease the real estate acquired to Northrop Grumman Corporation. The intent is for the lease obligation will be satisfied with job credits. As of June 30, 2012 no funds were disbursed for the Northrop Grumman Corporation's office building.



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  
Comanche County Industrial Development Authority  
Lawton, Oklahoma

We have audited the financial statements of Comanche County Industrial Development Authority, a component-unit of Comanche County, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 21, 2012. 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 Comanche County Industrial Development Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Comanche County Industrial Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Comanche County Industrial Development Authority's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Comanche County Industrial Development 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 and use of the Board of Trustees, management, others within the Authority, and Comanche County and is not intended to be and should not be used by anyone other than these specified parties.

*Hatch, Croke & Associates, P.C.*

Hatch, Croke & Associates, P.C.  
September 21, 2012