COMANCHE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY

A Component-unit of
Comanche County

Financial Statements
June 30, 2015

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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, 2015

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, 2015. 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.

They are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These GASB statements 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 Position*
- *Statement of Revenues, Expenses and Changes in Fund Net Position*
- *Statement of Cash Flows*
- *Notes to the Financial Statements*

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

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

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents information which shows how the Authority's net position 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.

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 Fund Net Position* 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 Position - The Authority's net position decreased between fiscal years 2014 and 2015 – decreasing from $12,254,201 to $11,926,946.

Comanche County Industrial Development Authority
Statement of Net Position

	2015	2014	% Change
Current Assets	$ 440,013	$ 3,207,699	(86.28%)
Noncurrent Assets	10,123,431	7,683,000	31.76%
Capital Assets	1,363,927	1,363,927	-
Total Assets	$ 11,927,371	$ 12,254,626	(2.67%)
Current Liabilities	$ 425	$ 425	-
Noncurrent Liabilities	-	-	-
Total Liabilities	$ 425	$ 425	-
Invested in Capital Assets, Net of Related Debt	$ 1,363,927	$ 1,363,927	-
Unrestricted	10,563,019	10,890,274	(3.01%)
Total Net Position	$ 11,926,946	$ 12,254,201	(2.67%)

Change in Fund Net Position - During the year ending June 30, 2015, the Authority's operating revenues were $1,027,469, a decrease of $31,679 (2.98%) over the prior fiscal year, and operating expenses were $1,391,425, an increase of $947,050 (61.40%), resulting in a $327,255 loss from operations. The increase in operating expenses for this year was primarily a result of an increase in grants. In the fiscal year 2015, grants comprised 97.89% of the Authority's total expenses.

Comanche County Industrial Development Authority
Changes in Fund Net Position

	2015	2014	% Change
Operating Revenues	$ 1,027,379	$ 1,059,058	(2.99%)
Operating Expenses	1,391,425	444,375	213.12%
Income(Loss) from Operations	(364,046)	614,683	(159.22%)
Nonoperating Revenues	36,791	14,086	161.19%
Change in Fund Net Position	$ (327,255)	$ 628,769	(152.05%)

The Authority's interest revenue on investments increased by $15,746 (111.78%). This increase was due to an increase in the Authority's investments. Interest on notes receivable decreased by $8,893 (4.27%).

2014-15 Revenue for Comanche County Industrial Development Authority

Sales tax proceeds	$ 821,478	77.20%
Lease payments	6,450	0.61%
Interest on notes receivable	199,451	18.74%
Interest on investments	29,832	2.80%
Unrealized gain on investments	6,959	0.65%
Total Revenues	$ 1,064,170	100.00%

2014-15 Expense for Comanche County Industrial Development Authority

Grants		
Goodyear	$ 418,466	30.07%
Comanche County Memorial Hospital	918,534	66.02%
Lawton Metro Airport Authority	25,000	1.80%
Operations & administration	29,425	2.11%
Total Expenses	$ 1,391,425	100.00%

Capital Assets

At June 30, 2015, 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, 2015.

Economic Factors

The Authority's excellent financial condition is expected to continue during fiscal year 2015-16. The Authority's primary source of revenue was the 0.06% sales tax to be assessed from January 1, 2015 through December 31, 2021. 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.

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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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Comanche County Industrial Development Authority
Lawton, Oklahoma

Report on the Financial Statements

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, 2015, 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 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 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 Comanche County Industrial Development Authority, as of June 30, 2015, 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

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 1 - 4 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015, 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* in considering Comanche County Industrial Development Authority's internal control over financial reporting and compliance.

Hatch, Croke & Associates, P.C.

Hatch, Croke & Associates, P.C.
October 1, 2015

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
A Component-unit of Comanche County
(an Oklahoma Public Trust)

Statement of Net Position
June 30, 2015

ASSETS	
Current assets	
Cash and cash equivalents, unrestricted	$ 117,729
Interest receivable	322,284
Total current assets	440,013
Noncurrent assets	
Certificates of deposits (NOTE 2)	4,697,959
Notes receivable (NOTE 3)	5,425,472
Total noncurrent assets	10,123,431
Capital assets	
Land & improvements	1,363,927
TOTAL ASSETS	11,927,371
LIABILITIES	
Current liabilities	
Accounts payable	425
TOTAL LIABILITIES	425
NET POSITION	
Invested in capital assets, net of related debt	1,363,927
Unrestricted	10,563,019
TOTAL NET POSITION	$ 11,926,946

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
A Component-unit of Comanche County
(an Oklahoma Public Trust)

Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2015

OPERATING REVENUES	
Sales tax revenue	$ 821,478
Interest on notes receivable	199,451
Lease payments	6,450
TOTAL OPERATING REVENUES	1,027,379
OPERATING EXPENSES	
Accounting fees	1,700
Auditing fees	5,800
Bank charges and fiduciary fees	9,385
Grant - Goodyear	418,466
Grant - CCMH	918,534
Grant - Lawton Metro Airport Authority	25,000
Legal fees	12,540
TOTAL OPERATING EXPENSES	1,391,425
OPERATING LOSS	(364,046)
NONOPERATING REVENUES (EXPENSES)	
Unrealized gain on investments	6,959
Interest on investments	29,832
TOTAL NONOPERATING REVENUES (EXPENSES)	36,791
CHANGE IN FUND NET POSITION	(327,255)
NET POSITION, Beginning of year	12,254,201
NET POSITION, End of year	$ 11,926,946

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
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sales tax collections	$ 962,629
Cash received from debtors	130,204
Cash received from lease payments	6,450
Cash payments for operations	(29,425)
Cash payments for grants	(25,000)
Cash payment for loans	(626,247)
NET CASH PROVIDED BY OPERATING ACTIVITIES	418,611
CASH FLOWS FROM NONCAPITAL FINANCING	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM CAPITAL FINANCING	-
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	26,592
Proceeds from sale of investments	995,000
Purchase of investments	(3,203,000)
NET CASH USED BY INVESTING ACTIVITIES	(2,181,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,762,797)
BEGINNING CASH AND CASH EQUIVALENTS	1,880,526
ENDING CASH AND CASH EQUIVALENTS	$ 117,729

SUPPLEMENTAL INFORMATION

Loan balance forgiven with job incentives	$ 1,337,000

The accompanying notes are an integral part of these financial statements

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
A Component-unit of Comanche County
(an Oklahoma Public Trust)

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2015

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Loss	$ (364,046)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Sales tax receivable	141,151
Accrued interest on notes receivable	242,810
Notes receivable	398,696
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 418,611

The accompanying notes are an integral part of these financial statements

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.

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.

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

Subsequent Events
Management has evaluated subsequent events through October 1, 2015, 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.

Investments

Investments are recorded at fair value. The historical cost and fair value at June 30, 2015, were as follows:

Investment	Cost	Fair Value
Certificates of deposits	$ 4,691,000	$ 4,697,959

NOTE 3 - Notes Receivable

Notes receivable at June 30, 2015, were as follows:

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 with the remaining outstanding principal and interest being payable on December 31, 2016. 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.

NOTE 3 - Notes Receivable (continued)

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. An amendment to the original agreement was executed on August 6, 2013, which changed the performance requirements. The Museum must make capital investments of $1,500,000 by May 31, 2014 and they must employ, and maintain, twenty full-time equivalent jobs from July 1, 2014 through June 30, 2024. All outstanding principal and accrued interest is due on June 30, 2024 and is expected to be paid by job creation credits. As of the date of this report, no evidence indicating that the Museum made the required capital outlay was available. If the Museum does not accumulate at least twenty job creation credits in any twelve consecutive month period during the first five years of the repayment term, the note less an amount equal to the accumulated job creation credits earned by the museum through all prior twelve consecutive month periods, shall become immediately due and payable upon thirty (30) days written notice to the Museum. As of the date of this report, written notice has not been given to the Museum.

Lawton Economic Development Authority - $1,499,224

On August 24, 2012, the Authority executed a note with the Lawton Economic Development Authority in the amount of $1,500,000 with 3.14% interest on the unpaid balance until paid. Monthly payments of principal and unpaid interest will commence on the first day after the first full month after the availability of Hotel-Conference Center Increment funds or January 1, 2014, whichever is later. All unpaid principal and interest will be due and payable on the date which is ten years after the date the Hotel/Conference Center is opened.

Lawton Lodging Lender, Inc. - $3,000,000

On August 24, 2012, the Authority executed a note with the Lawton Lodging Lenders, Inc. in the amount of $3,000,000 with variable interest on the unpaid balance until paid. The base interest is 3%, but if the average annual occupancy of the Hotel/Conference Center exceeds 80% in any calendar year, the interest rate will increase to 4% for such calendar year. All outstanding interest accrued through the first three years commencing on the opening date of the Hotel/Conference Center will be due on said anniversary date. After the third year anniversary date, all accrued interest will be paid annually with all outstanding principal and interest being due on April 1, 2021.

Lawton-Ft Sill Economic Development Corporation - $226,247

On December 8, 2014, the Authority executed a note with the Lawton-Ft Sill Economic Development Corporation in the amount of $300,00 with 5.00% interest on the unpaid balance until paid. Principal and accrued interest is expected to be paid by job creation credits with the remaining outstanding principal and interest being payable on June 30, 2019. The Authority has disbursed $226,247 to LEDC as of June 30, 2015.

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.

Great Plains Technology Center

On May 23, 2014, the Board approved a motion to make an investment of $500,000 in Great Plains Technology Center's business incubator. The Board also approved a motion to match up to $250,000 of new contributions received by Great Plains Technology Center. No funds have been disbursed as of June 30, 2015.

Lawton-Ft Sill Economic Development Corporation

On October 1, 2014, the Board approved a motion to loan $300,000 to the Lawton-Ft Sill Economic Development Corporation. The loan and accrued interest will be repaid with job credits. The Authority has disbursed $226,247 to LEDC as of June 30, 2015.

Silver-Line Plastics Corporation

On June 3, 2015, the Board approved a motion to loan $800,000 to Silver-Line Plastics Corporation. The loan will be repaid with job credits. Silver-Line Plastics also agreed to spend $8,000,000 for the purchase of equipment and the expansion of its Comanche County facility. No funds have been disbursed as of June 30, 2015.

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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, 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 Comanche County Industrial Development Authority, a component-unit of Comanche County, as of and for the year ended June 30, 2015, and have issued our report thereon dated October 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Comanche County Industrial Development 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 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. Accordingly, we do not express an opinion on the effectiveness of the Comanche County Industrial Development 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 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 material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 Audting Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hatch, Croke & Associates, P.C.

Hatch, Croke & Associates, P.C.
October 1, 2015