

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

Financial Statements  
June 30, 2021

## Table of Contents

	<u>Page</u>
Management's Discussion and Analysis	1
Independent Auditors' Report	5
Basic Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes In Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17

# 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, 2021

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, 2021. 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 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 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.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

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 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 2020 and 2021 – decreasing from \$9,618,153 to \$6,597,304.

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

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Current Assets	\$ 1,910,810	\$ 1,713,151	11.54%
Noncurrent Assets	2,042,971	5,267,117	(61.21%)
Capital Assets	<u>2,643,523</u>	<u>2,643,523</u>	-
<b>Total Assets</b>	<b><u>\$ 6,597,304</u></b>	<b><u>\$ 9,623,791</u></b>	(31.45%)
Current Liabilities	\$ -	\$ 5,638	(100.00%)
Noncurrent Liabilities	<u>-</u>	<u>-</u>	-
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 5,638</u></b>	(100.00%)
Invested in Capital Assets, Net of Related Debt	\$ 2,643,523	\$ 2,643,523	-
Unrestricted	<u>3,953,781</u>	<u>6,974,630</u>	(43.31%)
<b>Total Net Position</b>	<b><u>\$ 6,597,304</u></b>	<b><u>\$ 9,618,153</u></b>	(31.41%)



COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

**Change in Net Position** - During the year ending June 30, 2021, the Authority's operating revenues were \$759,093, a decrease of \$93,960 (11.01%) from the prior fiscal year, and operating expenses were \$3,780,348, an increase of \$2,580,293 (215.01%), resulting in a \$3,021,255 loss from operations. The increase in operating expenses for this year was primarily a result of bad debt expense of \$2,462,685 due to a financial settlement. In the fiscal year 2021, grants comprised 34.45% of the Authority's total expenses.

**Comanche County Industrial Development Authority**  
**Change in Net Position**

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Operating Revenues	\$ 759,093	\$ 853,053	(11.01%)
Operating Expenses	<u>3,780,348</u>	<u>1,200,055</u>	215.01%
<b>Income(Loss) from Operations</b>	(3,021,255)	(347,002)	(770.67%)
Nonoperating Revenues	<u>406</u>	<u>21,239</u>	(98.09%)
<b>Change in Net Position</b>	<u>\$ (3,020,849)</u>	<u>\$ (325,763)</u>	(827.31%)

The Authority's interest revenue on notes receivable decreased by \$354(0.49%). This decrease was primarily due to a decrease in the Authority's notes receivable. During the year, the Authority's notes receivable decreased by \$2,467,433(46.56%).

**2020-21 Revenue for Comanche County Industrial Development Authority**

Sales tax proceeds	\$ 673,783	88.72%
Lease payments	13,050	1.72%
Interest on notes receivable	72,260	9.51%
Interest on investments	<u>406</u>	0.05%
<b>Total Revenues</b>	<u>\$ 759,499</u>	100.00%

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

**2020-21 Expense for Comanche County Industrial Development Authority**

Grants		
Goodyear	\$ 392,363	10.38%
Lawton Farmer's Market	750,000	19.84%
Silver-Line Plastics	160,000	4.23%
Bad Debt	2,462,685	65.15%
Operations & administration	<u>15,300</u>	0.40%
<b>Total Expenses</b>	<b><u>\$ 3,780,348</u></b>	<b>100.00%</b>

**Capital Assets**

At June 30, 2021, the Authority had \$2,643,523 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, 2021.

**Economic Factors**

The Authority's excellent financial condition is expected to continue during fiscal year 2021-22. The Authority's primary source of revenue is 2.67% of the County's sales tax(0.375%) which expires on December 31, 2031. 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, 2021, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Member: American Institute of Certified Public Accountants*



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, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2022, 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 solely 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 effectiveness of the Comanche County Industrial Development Authority's 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.  
Lawton, Oklahoma  
April 1, 2022

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Statement of Net Position  
June 30, 2021

**ASSETS**

Current assets

Cash and cash equivalents, unrestricted	\$ 1,102,340
Sales tax receivable	14,563
Interest receivable	5,363
Current portion of notes receivable (NOTE 3)	<u>788,544</u>

Total current assets 1,910,810

Noncurrent assets

Notes receivable less current portion (NOTE 3)	<u>2,042,971</u>
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Total noncurrent assets 2,042,971

Capital assets

Land & improvements	<u>2,643,523</u>
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**TOTAL ASSETS** 6,597,304

**LIABILITIES**

Current liabilities

-

**TOTAL LIABILITIES**

-

**NET POSITION**

Invested in capital assets, net of related debt	2,643,523
Unrestricted	<u>3,953,781</u>

**TOTAL NET POSITION** \$ 6,597,304

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 Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2021

**OPERATING REVENUES**

Sales tax revenue	\$ 673,783
Interest on notes receivable	72,260
Lease payments	<u>13,050</u>

TOTAL OPERATING REVENUES 759,093

**OPERATING EXPENSES**

Accounting fees	1,960
Auditing fees	5,800
Bad Debt (Note 5)	2,462,685
Bank charges and fiduciary fees	2,520
Grant - Goodyear	392,363
Grant - Lawton Farmer's Market	750,000
Grant - Silver Line	160,000
Legal fees	<u>5,020</u>

TOTAL OPERATING EXPENSES 3,780,348

**OPERATING LOSS** (3,021,255)

**NONOPERATING REVENUES (EXPENSES)**

Interest on investments	<u>406</u>
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TOTAL NONOPERATING REVENUES (EXPENSES) 406

**CHANGE IN NET POSITION** (3,020,849)

NET POSITION, Beginning of year 9,618,153

**NET POSITION, End of year** \$ 6,597,304

The accompanying notes are an integral part of these financial statements



COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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(an Oklahoma Public Trust)

Statement of Cash Flows  
For the Year Ended June 30, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from sales tax collections	\$ 781,044
Cash received from debtors	103,223
Cash received from lease payments	13,050
Cash payments for operations	(20,938)
Cash payment for grants	<u>(1,125,000)</u>

NET CASH USED BY OPERATING ACTIVITIES (248,621)

**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	<u>539</u>
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NET CASH PROVIDED BY INVESTING ACTIVITIES 539

**NET DECREASE IN CASH AND CASH EQUIVALENTS (248,082)**

BEGINNING CASH AND CASH EQUIVALENTS 1,350,422

**ENDING CASH AND CASH EQUIVALENTS \$ 1,102,340**

**SUPPLEMENTAL INFORMATION**

Loan balance forgiven with job incentives \$ 552,363

Loan balance forgiven due to financial settlement \$ 2,462,685

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, 2021

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

Operating Loss	\$ (3,021,255)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Accrued interest on notes receivable	203,578
Sales tax receivable	107,261
Notes receivable	2,467,433
Accounts payable	<u>(5,638)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>\$ (248,621)</u></b>

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)

Notes to Financial Statements  
June 30, 2021

**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  
(an Oklahoma Public Trust)

Notes to Financial Statements  
June 30, 2021

**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

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.

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  
(an Oklahoma Public Trust)

Notes to Financial Statements  
June 30, 2021

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

Subsequent Events

Management has evaluated subsequent events through March 31, 2022 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. The agency maintains cash balances at one institution. The accounts are insured by the FDIC up to \$250,000.

**NOTE 3 - Notes Receivable**

Notes receivable at June 30, 2021 were as follows:

Cosmetics Specialties Lab - \$264,083

On May 18, 2020, the Authority executed a note with Cosmetics Specialty Labs Inc., in the amount of \$272,000. Cosmetic Specialty Labs will be required to pay interest only for the first nine months. The balance at the end of the nine months will be amortized over one hundred twenty months at an interest rate of 3% per annum. The loan matures on January 18, 2031. During the year ended June 30, 2021, Cosmetics Specialties Lab made five payments totaling \$16,740. The accrued interest balance on June 30, 2021 was \$260.

Eagle Cartage Inc - \$114,199

On November 4, 2015, the Authority executed a note with Eagle Cartage Inc., in the amount of \$237,072 with 3% interest on the unpaid balance. Principal and accrued interest are to be paid monthly. The loan matures on November 4, 2025. During the year ended June 30, 2021, Eagle Cartage Inc made twelve payments totaling \$27,470. The accrued interest balance on June 30, 2021 was \$272.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Notes to Financial Statements  
June 30, 2021

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

Goodyear - \$375,000

On June 1, 2016, the Authority executed a note with Goodyear in the original amount of \$3,000,000 with 5% interest on the unpaid balance until paid. The loan will be disbursed in eight equal annual installments of \$375,000. Principal and accrued interest is expected to be paid by job creation credits with the remaining outstanding principal and interest being payable on March 31, 2024. In addition to the job creation credits, Goodyear must invest \$250,000,000 to purchase equipment and expand its existing facility. Goodyear must maintain 2,800 fulltime positions during the term of the note. As of June 30, 2021, the Authority has disbursed \$2,250,000. On April 8, 2021, Goodyear certified that it has complied with the stipulations outlined in the agreement. As a result, credits totaling \$392,363 were applied to the note.

Lawton Economic Development Authority - \$1,338,233

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. During the year ended June 30, 2021, LEDA made ten monthly payments totaling \$59,013. The accrued interest balance on June 30, 2021 was \$921.

Lawton Lodging Lender, Inc. - \$740,000

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, subject to stress periods as defined below, with all outstanding principal and interest being due on April 1, 2021.

During any annual period when the performance of the hotel is “stressed” all payments of interest and principal on the loan will be deferred until the performance of 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 such year.



COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Notes to Financial Statements  
June 30, 2021

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

Lawton Lodging Lender, Inc. - \$740,000 (continued)

The term “stressed” is defined as any annual period in which the average occupancy of the hotel falls below 60% and the average occupancy of the other hotels in the competitive market (based on Smith Travel Research) falls below 65%.

The hotel’s average occupancy was less than 50% from April 1, 2012 to March 31, 2015, therefore no interest was accrued during that period.

The hotel’s average occupancy for the period between April 1, 2015 to March 31, 2017 was more than 50%, and the average occupancy of the other hotels in the competitive market was less than 65%. As a result interest totaling \$202,685 was accrued for the period mentioned above. Per the loan agreement, this interest will be deferred until the hotel is no longer “stressed”.

The hotel’s average occupancy for the period between April 1, 2017 to March 31, 2018 was more than 50%, and the average occupancy of the other hotels in the competitive market was more than 65%. As a result interest totaling \$270,247 was due. A payment in the amount of \$90,000 was made by Lawton Lodging Lenders on May 3, 2018. The accrued interest balance on June 30, 2018 was \$202,685.

The hotel’s average occupancy for the period between April 1, 2018 to March 31, 2019 was more than 50%, and the average occupancy of the other hotels in the competitive market was more than 65%. As a result interest totaling \$270,247 was due. A payment in the amount of \$90,000 was made by Lawton Lodging Lenders on May 3, 2019. The accrued interest balance on June 30, 2019 was \$202,685.

The hotel’s average occupancy was less than 50% from April 1, 2019 to March 31, 2020, therefore no interest was accrued during that period. The accrued interest balance on June 30, 2020 was \$202,685.

The Authority did not receive any payments from Lawton Lodging during the year. On March 22, 2022 the board approved a financial settlement with Lawton Lodging Lenders Inc in the amount of \$740,000. The board also approved an initial payment of \$500,000 and twelve monthly payments of \$20,000 as settlement for the note.

As a result of this settlement, \$202,685 of accrued interest and \$2,260,000 of the principal balance of the note is shown as Bad Debt expense on the Statement of Revenues, Expenses, and Changes in Net Position. See also Note 5.

COMANCHE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

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

Notes to Financial Statements  
June 30, 2021

**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.

**NOTE 5 - Subsequent Event**

Lawton Lodging Lender, Inc.

This loan, as described in Note 3, matured April 1, 2021. At that time all outstanding principal and interest was due. The amount due at that time was as follows:

Principal Outstanding	\$ 3,000,000
Accrued Interest	<u>202,685</u>
Total Balance Due	\$ 3,202,685

The Authority did not receive any payments from Lawton Lodging during the year and the loan was therefore considered in default. Subsequent to the date of these financial statement, on March 22, 2022, the board approved a financial settlement with Lawton Lodging Lenders Inc. which will require a payment of \$500,000 upon execution of the agreement and payments of \$20,000 a month for twelve months. This will also require a personal guarantee on the part of Lawton Lodging Lender, Inc's principal shareholder.

As a result of this agreement, the authority has written the balance due down to \$740,000. The difference of \$2,462,685 has been classified as bad debt and is reflected on the Statement of Revenues, Expenses, and Changes in Net Position



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, 2021, and the related notes to the financial statements, which collectively comprise the Comanche County Industrial Development Authority's basic financial statements, and have issued our report thereon dated April 1, 2022.

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) as a basis for designing 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 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 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 financial statements. 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.

A handwritten signature in dark ink that reads "Hatch, Croke & Associates, P.C." The signature is written in a cursive, slightly stylized font.

Hatch, Croke & Associates, P.C.  
Lawton, Oklahoma  
April 1, 2022