

MUSKOGEE INDUSTRIAL TRUST

MUSKOGEE, OKLAHOMA

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

MUSKOGEE INDUSTRIAL TRUST
Muskogee, Oklahoma

TABLE OF CONTENTS

Independent Auditor's Report	1-2
<i>BASIC FINANCIAL STATEMENTS</i>	
Government Wide Statement of Net Assets	3-4
Government Wide Statement of Activities and Changes in Net Assets	5
Government Wide Statement of Cash Flows	6
<i>NOTES TO FINANCIAL STATEMENTS</i>	
<i>OTHER REPORTS</i>	
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>	11-12
<i>SUPPLEMENTARY INFORMATION</i>	
Schedule of Projects Balance Sheet - Assets	13
Schedule of Projects Balance Sheet - Liabilities & Net Assets	14
Schedule of Minimum Lease Payments to be Received	15

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
The Muskogee Industrial Trust
Muskogee, Oklahoma

We have audited the accompanying financial statements of the business-type activities and primary government of Muskogee Industrial Trust as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net assets of the business-type activities and primary government of Muskogee Industrial Trust, as of September 30, 2015, and the respective changes in net assets and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

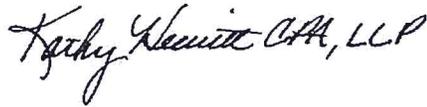
Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Muskogee Industrial Trust's basic financial statements. The schedule of projects balance sheet – assets, schedule of projects balance sheet – liabilities & net assets and schedule of minimum lease payments to be received are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects balance sheet – assets, schedule of projects balance sheet – liabilities & net assets and schedule of minimum lease payments to be received are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The schedule of projects balance sheet – assets, schedule of projects balance sheet – liabilities & net assets and schedule of minimum lease payments to be received are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Kathy Hewitt, CPA, LLP

Muskogee, OK

January 8, 2016

BASIC FINANCIAL STATEMENTS

MUSKOGEE INDUSTRIAL TRUST
Government Wide Statement of Net Assets
As of September 30, 2015

ASSETS	Business Type Activities- Enterprise Fund	Total Primary Government
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 149,723	\$ 149,723
Trustee Investment Accounts	\$ 2	\$ 2
Account Receivable - Current Portion	\$ 60,230	\$ 60,230
Short Term Investments	\$ 219,992	\$ 219,992
Current Portion of Net Investment in Direct Financing Leases	\$ -	\$ -
Total	\$ 5,406,369	\$ 5,406,369
	\$ 5,836,316	\$ 5,836,316
 OTHER ASSETS		
Minimum Lease Payments Receivable	\$ 134,402,592	\$ 134,402,592
Less Unearned Income	\$ (28,390,141)	\$ (28,390,141)
Less Current Portion	\$ (5,406,369)	\$ (5,406,369)
Note Receivable-Muskogee City/County Port Authority	\$ 424,817	\$ 424,817
Accrued Interest Receivable-Muskogee City/Cty Port Authority	\$ 115,918	\$ 115,918
Net	\$ 101,146,817	\$ 101,146,817
 TOTAL ASSETS	 \$ 106,983,133	 \$ 106,983,133

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Government Wide Statement of Net Assets
As of September 30, 2015

LIABILITIES	Business Type Activities- Enterprise Fund	Total Primary Government
CURRENT LIABILITIES		
Accounts Payable-Current Portion	\$ 6,100	\$ 6,100
Bond Proceeds Due Lessors	\$ 61	\$ 61
Aid to Construction Payable - City of Muskogee	\$ -	\$ -
Current Maturities of Mortgages & Bonds Payable	\$ 2,190,000	\$ 2,190,000
Total Current Liabilities	<u>\$ 2,196,161</u>	<u>\$ 2,196,161</u>
LONG TERM LIABILITIES		
Mortgages & Bonds Payable on Capital Leases	\$ 94,505,525	\$ 94,505,525
Less Current Maturities of Mortgages & Bonds Payable	\$ (2,190,000)	\$ (2,190,000)
Total Long Term Liabilities	<u>\$ 92,315,525</u>	<u>\$ 92,315,525</u>
 Total Liabilities	 \$ 94,511,686	 \$ 94,511,686
NET ASSETS		
UNASSIGNED NET ASSETS BEGINNING OF YEAR	\$ 13,499,796	\$ 13,499,796
LESS EXCESS EXPENSES OVER REVENUES-CURRENT	\$ (1,028,349)	\$ (1,028,349)
UNASSIGNED NET ASSETS AT YEAR END	<u>\$ 12,471,447</u>	<u>\$ 12,471,447</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 106,983,133</u></u>	 <u><u>\$ 106,983,133</u></u>

The accompanying notes are all integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Government Wide Statement of Activities and Changes in Net Assets
For the Twelve Months Ended September 30, 2015

EXPENDITURES	Business Type Activities Enterprise Fund	Total Primary Government
Interest on Bonds and Mortgages	\$ 1,929,000	\$ 1,929,000
Aid to Construction - City of Muskogee	\$ -	\$ -
Legal and Audit Fees	\$ 2,406	\$ 2,406
Total Expenditures	\$ 1,931,406	\$ 1,931,406
REVENUES		
Administrative fees	\$ 60,678	\$ 60,678
Earned Income	\$ 839,609	\$ 839,609
Interest Income from Investments	\$ 2,770	\$ 2,770
Total Revenues	\$ 903,057	\$ 903,057
Net Income (Loss)	\$ (1,028,349)	\$ (1,028,349)
Net Assets, Beginning of Year	\$ 13,499,796	\$ 13,499,796
Prior Period Adjustment	\$ -	\$ -
Net Assets, End of Year	\$ 12,471,447	\$ 12,471,447

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Government Wide Statement of Cash Flows
For the Twelve Months Ended September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from lessees	\$ 900,287
Cash paid to bondholders and trustees	\$ (1,929,000)
Cash paid for operating expenses	\$ (2,406)
Net cash used by operating activities	<u>\$ (1,031,119)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal Received on Capital Leases and Mortgages	\$ 2,120,000
Decrease in Accounts Receivable	\$ 7,888
Decrease in Lease Payments Receivable	\$ 5,413,367
Decrease in Unearned Bond Costs	\$ (3,293,367)
Decrease in Aid to Construction Payable	\$ (500,000)
Decrease in Bonds Payable	\$ (2,120,000)
Deferred Debt Defeasement Costs	\$ 1,106,502
Net cash used by capital financing activities	<u>\$ 2,734,390</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
New Loans and Accrued Interest	\$ (16,992)
Principal Paid on Capital Leases and Mortgages	\$ (2,120,000)
Interest Income from Investments	\$ 2,770
Decrease in Short Term Investments	\$ 349,328
Net cash flows from investing activities	<u>\$ (1,784,894)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (81,623)
CASH AND CASH EQUIVALENTS AT OCTOBER 1, 2014	<u>\$ 231,346</u>
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30, 2015	<u><u>\$ 149,723</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Loss	\$ (1,028,349)
Adjustment to reconcile net income (loss) to net cash provided by operating activities	
Interest Income from Investments	\$ (2,770)
Changes in assets and liabilities	
Increase in interest due from lessor	\$ (2,541,431)
Decrease in unearned income	<u>\$ 2,541,431</u>
Net cash used by operating activities	<u><u>\$ (1,031,119)</u></u>

The accompanying notes are an integral part of these statements

NOTES TO FINANCIAL STATEMENTS

MUSKOGEE INDUSTRIAL TRUST

Notes to Financial Statements

September 30, 2015

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Muskogee Industrial Trust is a public trust created pursuant to 60 Oklahoma Statutes 1969, Sections 176 to 180, inclusive for the purpose of permitting the City of Muskogee, as beneficiary, to own, acquire, construct, reconstruct, extend, equip, improve, maintain, sell, lease, contract or deal in or dispose of any land, buildings or facilities of any nature that can be used in securing or developing industry within or near the City of Muskogee. The following is a summary of the more significant accounting policies employed by the Trust:

BASIS OF ACCOUNTING

The Trust utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation if applicable) are recorded when the liability is incurred or economic asset used.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Trust considers all highly liquid investments (including restricted assets if applicable) with maturity of three months or less when purchased to be cash equivalents.

The Trust maintains a variable-percent interest bearing checking account at BancFirst, Muskogee, Oklahoma branch.

All of the leases in which the Trust is involved are accounted for as direct financing leases in accordance with FASB Statement #13. The net investment in the lease is determined by reducing the net minimum lease payments receivable by the unearned income.

SHORT TERM INVESTMENTS

The Trust maintains certificates of deposit at Firststar Bank with maturities of 12 months or more.

INCOME TAXES

The Trust as an agent of the City of Muskogee, Oklahoma, is not subject to income taxes. Accordingly, interest paid on obligations by the Trust are not subject to Federal income tax.

MUSKOGEE INDUSTRIAL TRUST
Notes to Financial Statements
September 30, 2015

FAIR VALUE MEASUREMENTS

The Trust accounts for its financial assets and liabilities in accordance with ASC 820-10. This codified standard defines fair value measurement based on an exit price. An exit price, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as opposed to an entry price which is the transaction price that would be paid to acquire an asset or received to assume a liability. In most instances these prices are different, however they can be equal. The codified standard also establishes valuation techniques which include the following:

1. Market approach – prices derived from market transactions for identical or comparable assets or liabilities,
2. Income approach – conversion of future amounts such as cash flows or earnings to a single present amount based on current market expectations about those future amounts and/or,
3. Cost approach – the amount that would currently be required to replace the service capacity of an asset.

Finally, the codified standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- | | |
|----------|--|
| Level 1: | Quoted prices in active markets for identical assets or liabilities. These include, but are not limited to, cash and cash equivalents, common and preferred stocks, and mutual funds; |
| Level 2: | Inputs that are derived principally from or corroborated by observable market data. These include, but are not limited to, government agency issues, corporate bonds and municipal securities; |
| Level 3: | Inputs that are unobservable and significant to the overall fair value measurement. These include, but are not limited to, non-public common stocks and personally held notes receivable. |

Financial assets and liabilities of the Trust are carried at fair value on a recurring basis in the financial statements. The Trust's financial instruments include investments and beneficial interest in assets, if any, held by others. All financial instruments of the Trust are valued using inputs qualifying as Level 1 in the above-defined hierarchy.

MUSKOGEE INDUSTRIAL TRUST

Notes to Financial Statements

September 30, 2015

USE OF ESTIMATES

The Trust has made estimates and assumptions required for the preparation of its financial statements on the basis of accounting described in the first note above that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECEIVABLES/PAYABLES

During a prior fiscal year the Trust entered into a loan agreement with the Muskogee City-County Port Authority. The purpose of the loan is to purchase real estate parcels within the Port site. The total loan proceeds available will be \$500,000. The note accrues interest at the rate of 4% per annum and the principal and interest are due April 17, 2017.

INVESTMENT IN FINANCIAL TRANSACTIONS

The Trust is engaged in the financing of industrial property including real estate, equipment and furniture and fixtures principally as lessor under direct financing leases. The two leases outstanding at September 30, 2015, had initial terms of thirty (30) years.

Future minimum lease payments to be received for the two industrial property leases under direct financing leases for years ending September 30th of said year are as follows:

Years 2016 and 2017 are \$2,541,431 and \$2,541,431 respectively.
Thereafter they total \$108,543,989.

Net investment in direct financing leases is pledged as collateral on the related mortgage and bonds payable obligations. Earned income consists principally of transfers from unearned income to offset incremental initial direct costs charged to expense.

On July 1, 2013, the Trust engaged in financing educational facilities lease revenue bonds for the Independent School District No. 20, Muskogee Public Schools project. Initial maturity is September 1, 1922. (Payments are scheduled on September 1 each year. Interest expense was reported as of September 1, 2015.)

On October 16, 2013, the Trust engaged in financing of property for the Independent School District No. 29, Hilldale Public Schools of Muskogee County, Oklahoma. Initial maturity is August 15, 1923. (Payments are scheduled on August 15 each year. Interest expense was reported as of August 15, 2015.)

MUSKOGEE INDUSTRIAL TRUST

Notes to Financial Statements

September 30, 2015

Future minimum lease payments to be received for the two educational facilities leases under direct financing leases for years ending September 30th of said year are as follows:

Years 2016 and 2017 are \$2,864,938 and \$2,852,061 respectively. Thereafter they total \$15,058,742.

Net investment in educational facilities leases is pledged as collateral on the related mortgage and bonds payable obligations. Earned income consists principally of transfers from unearned income to offset incremental initial direct costs charged to expense.

SUBSEQUENT EVENTS

We have evaluated all events subsequent to the balance sheet date of September 30, 2015, through the financial statement issuance date of January 8, 2016, and determined there are no subsequent events requiring additional disclosure.

OTHER REPORTS

KATHY HEWITT CPA, LLP
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Trustees of
The Muskogee Industrial Trust
Muskogee, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and primary government of Muskogee Industrial Trust, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Muskogee Industrial Trust's basic financial statements, and have issued our report thereon dated January 8, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Muskogee Industrial Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Muskogee Industrial Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Muskogee Industrial Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Muskogee Industrial Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kathy Hewitt, CPA, LLP

Muskogee, OK

January 8, 2016

SUPPLEMENTARY INFORMATION

MUSKOGEE INDUSTRIAL TRUST
 Schedule of Projects - Balance Sheet
 As of September 30, 2015

	Oklahoma Gas & Electric 1976 Refunded 1995	1982 Refunded 1987& 1997	I-20 School District	Hilldale School District	Muskogee City/County Port Auth.	Administration	Total
ASSETS							
CURRENT ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,723	\$ 149,723
Investment-Certificate of Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,992	\$ 219,992
Account Receivable - Current Portion	\$ 22,043	\$ 38,187	\$ -	\$ -	\$ -	\$ -	\$ 60,230
Trustee Investment Accounts	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 2
Current Portion of Net Investment in Direct Financing Leases	\$ 1,296,000	\$ 1,245,431	\$ 1,983,000	\$ 881,938	\$ -	\$ -	\$ 5,406,369
Total Current Assets	\$ 1,318,044	\$ 1,283,619	\$ 1,983,000	\$ 881,938	\$ -	\$ 369,715	\$ 5,836,316
NET INVESTMENT IN DIRECT FINANCING LEASES							
Loan Receivable-Muskogee City/Cty Port Authority	\$ -	\$ -	\$ -	\$ -	\$ 424,817	\$ -	\$ 424,817
Accrued Interest Receivable-Muskogee City/Cty Port Auth.	\$ -	\$ -	\$ -	\$ -	\$ 115,918	\$ -	\$ 115,918
Total Minimum Lease Payments Receivable	\$ 44,388,000	\$ 69,238,851	\$ 14,001,000	\$ 6,774,741	\$ -	\$ -	\$ 134,402,592
Less Unearned Income	\$ (11,988,000)	\$ (13,336,400)	\$ (1,936,000)	\$ (1,149,741)	\$ -	\$ -	\$ (28,390,141)
Less Current Portion	\$ (1,296,000)	\$ (1,245,431)	\$ (1,983,000)	\$ (881,938)	\$ -	\$ -	\$ (5,406,369)
Net Investment In Direct Financing Leases	\$ 31,124,000	\$ 54,657,020	\$ 10,082,000	\$ 4,743,062	\$ 540,735	\$ -	\$ 101,146,817
Total Assets	\$ 32,442,044	\$ 55,940,639	\$ 12,065,000	\$ 5,625,000	\$ 540,735	\$ 369,715	\$ 106,983,133

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Schedule of Projects - Balance Sheet
As of September 30, 2015

	Oklahoma Gas & Electric 1976 Refunded 1995	1982 Refunded 1987 & 1997	I-20 School District	Hilldale School District	Muskogee City/County Port Auth.	Administration	Total
LIABILITIES							
CURRENT LIABILITIES							
Account Payable-Current Portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,100	\$ 6,100
Aid to Construction - City of Muskogee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Proceeds Due Lessees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61	\$ 61
Current Portion of Mortgages & Bonds Payable	\$ -	\$ 1,555,000	\$ 635,000	\$ 635,000	\$ -	\$ -	\$ 2,190,000
Total Current Liabilities	\$ -	\$ 1,555,000	\$ 635,000	\$ 635,000	\$ -	\$ 6,161	\$ 2,196,161
LONG TERM LIABILITIES							
Mortgages & Bonds Payable on Capital Leases - Net of Current Portion	\$ 32,400,000	\$ 56,000,000	\$ 10,510,000	\$ 4,990,000	\$ -	\$ -	\$ 103,900,000
Less Deferred Debt Expense - Net	\$ (2,998,642)	\$ (3,585,833)	\$ -	\$ -	\$ -	\$ -	\$ (11,584,475)
Total Long Term Liabilities	\$ 29,401,358	\$ 47,414,167	\$ 10,510,000	\$ 4,990,000	\$ -	\$ -	\$ 92,315,525
Total Liabilities	\$ 29,401,358	\$ 47,414,167	\$ 12,065,000	\$ 5,625,000	\$ -	\$ 6,161	\$ 94,511,686
NET ASSETS							
Total Liabilities and Net Assets	\$ 3,040,686	\$ 8,526,472	\$ -	\$ -	\$ 540,735	\$ 363,554	\$ 12,471,447
Total Liabilities and Net Assets	\$ 32,442,044	\$ 55,940,639	\$ 12,065,000	\$ 5,625,000	\$ 540,735	\$ 369,715	\$ 106,983,133

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Schedule of Minimum Lease and Bond Payments to be Received

PROJECT	2016	2017	2018	2019	2020	Later Years
INDUSTRIAL PROPERTY FINANCING LEASES						
Oklahoma Gas & Electric-1976 Refunded 1995	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 37,908,000
Oklahoma Gas & Electric-1982 Refunded 1987 & 1997	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 63,011,696
	<u>\$ 2,541,431</u>	<u>\$ 100,919,696</u>				
EDUCATIONAL FACILITIES LEASE						
I-20 School District	\$ 1,983,000	\$ 1,983,000	\$ 1,983,000	\$ 1,983,000	\$ 1,983,000	\$ 4,086,000
Hilldale School District	\$ 881,938	\$ 869,061	\$ 860,526	\$ 851,113	\$ 840,822	\$ 2,471,281
	<u>\$ 2,864,938</u>	<u>\$ 2,852,061</u>	<u>\$ 2,843,526</u>	<u>\$ 2,834,113</u>	<u>\$ 2,823,822</u>	<u>\$ 6,557,281</u>
Total	\$ 5,406,369	\$ 5,393,492	\$ 5,384,957	\$ 5,375,544	\$ 5,365,253	\$ 107,476,977

The accompanying notes are an integral part of these statements