

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

RALPH OSBORN, CPA
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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Trustees
Creek County Industrial Authority
Sapulpa, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Creek County Industrial Authority (a component unit of Creek County, Oklahoma), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Creek County Industrial Authority's basic financial statements.

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 statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on our audit. I conducted my audit in accordance with the 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 judgement, 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, I 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.

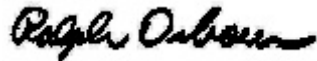
Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Creek County Industrial Authority as of June 30, 2013, and the respective changes in financial position, thereof, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Creek County Industrial Authority has not presented Management's Discussion and Analysis or budgetary comparison schedules that the Governmental Accounting Standards Board has determined are necessary to supplement, although not required to be part of, the basic financial statement.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 9, 2013, on my consideration of Creek County Industrial Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
October 9, 2013

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
STATEMENT OF NET ASSETS
JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 20,914
Investments	462,230
Accounts receivable	5,033
Interest receivable	830
Prepaid expense	2,301
Notes receivable - current	<u>11,808</u>
Total current assets	<u>503,116</u>
Non-current assets:	
Notes receivable - non-current	90,904
Capital assets	
Industrial parks	883,695
Other capital assets net of accumulated depreciation	<u>6,819</u>
Total non-current assets	<u>981,418</u>
Total assets	<u>1,484,534</u>
LIABILITIES	
Current liabilities:	
Accounts payable	522
Accrued interest	621
Notes payable - current	<u>26,841</u>
Total current liabilities	<u>27,984</u>
Noncurrent liabilities:	
Notes payable - noncurrent	<u>56,148</u>
Total noncurrent liabilities	<u>56,148</u>
Total liabilities	<u>84,132</u>
NET ASSETS	
Nonspendable	917,780
Unassigned	<u>482,622</u>
Total net assets	<u><u>\$ 1,400,402</u></u>

The accompanying notes are an integral part of this financial statement.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenue			Net (Expenses) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
Function/Programs					
Governmental activities					
Industrial development	\$ 62,517	\$ 3,000	\$ -	\$ -	\$ (59,517)
Total governmental activities	<u>62,517</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>(59,517)</u>
Total government	<u>\$ 62,517</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,517)</u>

Governmental
Activities

Changes in net assets:

Net (expense) revenue	<u>\$ (59,517)</u>
General revenues	
Loss on sale of property	(8,041)
Interest	3,123
Other	3,211
Expense participation	<u>15,000</u>
Total general revenues	<u>13,293</u>
Change in net assets	(46,224)
Net assets - beginning	<u>1,446,626</u>
Net assets - ending	<u>\$ 1,400,402</u>

The accompanying notes are an integral part of this financial statement.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 20,914	\$ 20,914
Investments	462,230	462,230
Accounts receivable	5,033	5,033
Interest receivable	830	830
Prepaid expense	2,301	2,301
TOTAL ASSETS	<u>\$ 491,308</u>	<u>\$ 491,308</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 522	\$ 522
Accrued interest	621	621
TOTAL LIABILITIES	<u>1,143</u>	<u>1,143</u>
FUND BALANCES		
Nonspendable	7,543	7,543
Unassigned	482,622	482,622
TOTAL FUND BALANCES	<u>490,165</u>	<u>490,165</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 491,308</u>	<u>\$ 491,308</u>

The accompanying notes are an integral part of this financial statement.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
WITH THE STATEMENT OF NET ASSETS
JUNE 30, 2013

Total fund balance \$ 490,165

Amounts reported in the statement of net
assets are different because:

Long-term assets are not available to pay
current-period expenditures and therefore
are not included in fund balance.

Note receivable 102,712

Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds.

Capital assets	911,863	
Accumulated depreciation	<u>(21,349)</u>	890,514

Long-term liabilities are not due and payable
in the current period and therefore are not
reported in the funds (82,989)

Total net assets \$ 1,400,402

The accompanying notes are an integral part of this financial statement.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Total Governmental Funds
Revenue		
Rentals	\$ 3,000	\$ 3,000
Interest	3,123	3,123
Expense participation	15,000	15,000
Other income	3,211	3,211
Property Sales	10,000	10,000
Note proceeds	<u>11,808</u>	<u>11,808</u>
Total revenue	<u>46,142</u>	<u>46,142</u>
Expenditures		
Current		
Salaries	22,521	22,521
Payroll taxes and benefits	5,473	5,473
Board expense	4,969	4,969
Professional fees	6,009	6,009
Office	5,076	5,076
Insurance	3,634	3,634
Utilities	3,025	3,025
Other	4,298	4,298
Repair and maintenance	1,900	1,900
Capital Outlay	5,000	5,000
Cost of sale	3,238	3,238
Bad debt	1,944	1,944
Debt service		
Principal	26,051	26,051
Interest	<u>2,793</u>	<u>2,793</u>
Total expenditures	<u>95,931</u>	<u>95,931</u>
Excess (deficiency) of revenues over (under) expenditures	(49,789)	(49,789)
Fund balances, beginning	<u>539,954</u>	<u>539,954</u>
Fund balances, ending	<u>\$ 490,165</u>	<u>\$ 490,165</u>

The accompanying notes are an integral part of this financial statement.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - Basis of Presentation

Creek County Industrial Authority (the "Authority") is a public trust created by the Board of County Commissioners of Creek County Oklahoma (the "County") March 27, 1967 under the provisions of Title 60, Oklahoma Statutes. The primary purpose of the trust is to increase employment opportunities in Creek County Oklahoma by securing financing to construct plant facilities for private industrial concerns through the issuance of revenue bonds and the development of industrial parks.

The Authority is governed by a nine member board of trustees appointed by the Board of County Commissioners. The County is entitled to receive the residue of the trust estate upon termination of the trust. The County does not have any authority, power, or right to control or direct the actions of the trustees or to transact any business for the Authority. The County and the Authority are related organizations. The Authority is a component unit of the County.

The Authority and Creek County Home Finance Authority are governed by boards of trustees with identical membership. Transactions regularly occur between the two authorities. Financial information for Creek County Home Finance Authority is reported in a separately audited financial report. Transactions between these authorities are discussed in Note I.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Authority as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Authority general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Authority's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the Authority are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: intergovernmental revenues and investment income. In general, other revenues and expenses are recognized when cash is received.

FUND TYPES AND MAJOR FUNDS

The Authority is a special purpose governmental unit. It reports a general fund and no other funds.

Budget

The Authority has not adopted an annual operating budget. Therefore, the budget comparisons are not reported.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Authority considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments reported in the financial statements consist of Certificates of Deposits.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year end are cancelled if not used. Any cancelled encumbrances are added to fund balance.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. The Authority has not maintained inventory records, however, the value of inventory on hand at June 30, 2013 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

Capital Assets, Depreciation, and Amortization

The Authority's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or at estimated historical cost for those items not previously reported and comprehensively reported in the government-wide financial statements. The Authority maintains infrastructure assets records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

Buildings	5-60
Improvements, other than buildings	2-50
Mobile equipment	3-40
Furniture , machinery, and equipment	3-30
Utility system	5-60

CREEK COUNTY HOME FINANCE AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

The Authority does not provide pension benefits or compensated absences.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Authority will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority, and are held by counterparty or the counterparty's trust department but not in the name of the Authority. The Authority's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2013, all of the Authority's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The Authority had deposits at financial institutions with a carrying amount of approximately \$483,144 at June 30, 2013. The bank balance of the deposits at June 30, 2013 was approximately \$483,965.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2013.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitors the investment performance on an ongoing basis to limit the Authority's interest rate risk. As of June 30, 2013, the Authority's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE C - RECEIVABLES

The Authority has accrued interest receivable on certificates of deposit held at June 30, 2013.

NOTE D - NOTES RECEIVABLE

The Authority entered into an agreement with Drumright Industrial Authority, Drumright, Oklahoma April 28, 1999 to provide assistance in the construction of a building and related facilities for an industrial project. The Authority agreed to provide \$114,000 plus approximately five (5) acres of land. Drumright Industrial Authority is to repay one-half of the money provided in yearly payments. The Authority has recorded \$56,102 as grants and \$57,000 as notes receivable. Payment on the note has not yet started.

The Authority approved a loan in the amount of \$120,000 to Drumright Industrial Authority on November 21, 2000. The balance due June 30, 2013 was \$45,712. Drumright Industrial Authority pays monthly payments of \$984 on the note. The note does not bear interest.

NOTE E - CAPITAL ASSETS

Changes in capital assets.

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated Industrial Parks
	Buildings	Infrastructure & Improvements Other Than Buildings	Furniture, Machinery, And Equipment	Totals	
Governmental activities					
Balance, June 30, 2012	\$ -	\$ -	\$ 28,168	\$ 28,168	\$ 893,498
Increases	-	-	-	-	5,000
Decreases	-	-	-	-	(14,803)
Balance, June 30, 2013	-	-	28,168	28,168	883,695
Accumulated Depreciation					
Balance, June 30, 2012	-	-	20,474	20,474	
Increase	-	-	875	875	
Decreases	-	-	-	-	
Balance, June 30, 2013	-	-	21,349	21,349	
Governmental activities					
Capital Assets, Net	\$ -	\$ -	\$ 6,819	\$ 6,819	\$ 883,695

The cost of developing industrial parks is added to the basis in the park. As industrial sites are sold, a portion of the cost is allocated to the sale and written off as a cost of the sale.

DEPRECIATION EXPENSE

Depreciation expense was charged to functions of the government as follows:

GOVERNMENT ACTIVITIES

Industrial Development	\$ 875
- 13 -	

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE G - NOTES PAYABLE

The following is a summary of long-term debt of the Authority for the year ended June 30, 2013.

	Payable at July 1, 2012	Retired/ Added	Balance at June 30, 2013
Sapulpa Public Works Authority	\$ 109,040	\$ (26,051)	\$ 82,989
	<u>\$ 109,040</u>	<u>\$ (26,051)</u>	<u>\$ 82,989</u>

The Authority obtained a loan dated November 29, 2005 from Sapulpa Public Works Authority of Sapulpa, Oklahoma for the purpose of making improvements to an industrial park. The loan is from CDBG funds through the Oklahoma Department of Commerce. The loan was in the original amount of \$250,000 and bears interest at the rate of 3% per annum. Payments in the amount of \$7,258 were to be made quarterly beginning June 1, 2006. A total of forty (40) payments is to be made. The balance on the loan at June 30, 2013 was \$109,040.

Debt service requirements for future periods are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 26,841	\$ 2,189	\$ 29,030
2015	27,655	1,375	29,030
2016	28,493	537	29,030
	<u>\$ 82,989</u>	<u>\$ 4,101</u>	<u>\$ 87,090</u>

NOTE H - REVENUE BONDS AND NOTES

The Authority may act as an intermediary for other entities in obtaining financing for development of various projects. The Authority assists in obtaining financing through government grants, loans from financial institutions, or issuing revenue bonds. The Authority is not liable for the repayment of these debts. Repayment of the debt is from principal and interest payments made by the debtor. The Authority acts as a paying agent on certain of the debts collecting the payment due plus an administrative fee. The Authority then remits the payment due to the financial institution holding the debt.

The Authority may service loans for the Oklahoma Department of Commerce. The Authority receives the original loan and passes it on to the recipient. The recipient is to repay the loan to the Authority which in turn remits the funds to the Department of Commerce. The Authority is not liable for repaying the loan.

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE I - RELATED PARTY TRANSACTIONS

As indicated in Note A financial transactions occur between the Authority and Creek County Home Finance Authority on a regular basis. Creek County Home Finance Authority does not have an office staff or pay normal office expenses, such as utilities. In lieu of maintaining separate staffs and paying office expenses, Creek County Home Finance Authority pays Creek County Industrial Authority \$1,000 per month or \$12,000 per year in expense participation fees. Additional payments may be required if additional activity requires additional personnel time or costs related to Creek County Home Finance business. During the fiscal year ended June 30, 2013, Creek County Home Finance paid a total of \$15,000 in participation fees. The payments are recognized as revenue and expense in the financial statements of the respective authorities.

NOTE J - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2013, the date which financial statements were available, to determine if any items need to be disclosed. The Authority entered into a contract to sell Lot 4, Block 2 of Gateway Industrial Park for the amount of \$225,000. As of October 9, 2013, the sale had not closed.

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 Honorable Members of the Board of Trustees
Creek County Industrial Authority
Sapulpa, Oklahoma

I 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 governmental activities, each major fund, and the aggregate remaining fund information of Creek County Industrial Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Creek County Industrial Authority's basic financial statements and have issued my report thereon dated October 9, 2013 which did not include Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Creek County Industrial 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Creek County Industrial Authority's internal control. Accordingly, I do not express an opinion of the effectiveness of Creek County Industrial Authority's internal control.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

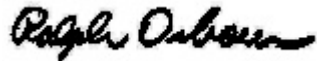
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Creek County Industrial Authority's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
October 9, 2013