CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2015

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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 Creek County Industrial Authority (a component unit of Creek County, Oklahoma), as of and for the year ended June 30, 2015, 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 an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

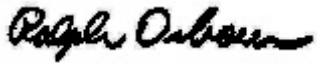
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Creek County Industrial Authority as of June 30, 2015, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 20, 2015, 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 my 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 20, 2015

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 116,736
Investments	420,137
Interest receivable	830
Prepaid expense	2,301
Notes receivable - current	11,808
Total current assets	551,812
Non-current assets:	
Notes receivable - non-current	67,288
Capital assets	
Industrial parks	745,488
Other capital assets net of accumulated depreciation	5,069
Total non-current assets	817,845
Total assets	1,369,657
LIABILITIES	
Current liabilities:	
Accounts payable	520
Accrued interest	621
Notes payable - current	29,030
Total current liabilities	30,171
Total liabilities	30,171
NET POSITION	
Net investment in capital assets	788,815
Unrestricted	550,671
Total net position	$ 1,339,486

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

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues	
Rentals	$ 3,000
Expense participation	14,500
City of Tulsa rebate	4,146
Other	273
Total operating revenues	21,919
Operating Expenses	
Salaries and fees	34,677
Administrative and general	11,391
Office and postage	5,537
Professional fees	5,871
Depreciation	875
Total operating expenses	58,351
Operating income (loss)	(36,432)
Non-operating Revenues (Expenses)	
Investment income	2,619
Loan interest	(1,912)
Total non-operating revenue (expenses)	707
Change in net position	(35,725)
Net position, beginning	1,375,211
Net position, ending	$ 1,339,486

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

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash flows from operating activities	
Cash received from customers	$ 21,919
Cash payments for employees and benefits	(34,677)
Cash payments to suppliers for goods and services	(22,801)
Net cash provided (used) by operating activities	(35,559)
Cash flows from non-capital financing activities	
Principal received on notes	11,810
Net cash provided by non-capital financing activities	11,810
Cash flows from capital and related financing activities	
Acquisition of fixed assets	(2,400)
Principal paid on loans	(27,118)
Interest paid on loans	(1,912)
Net cash used by capital and related financing activities	(31,430)
Cash flows from investing activities	
Transfer from investments	93
Investment earnings	2,619
Net cash provided by investing activities	2,712
Net increase in cash and cash equivalents	(52,467)
Cash and cash equivalents, beginning	169,203
Cash and cash equivalents, ending	$ 116,736
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities	
Operating income (loss)	$ (36,432)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	875
Changes in assets and liabilities:	
Decrease in accrued receivables	(2)
Net cash used by operating activities	$ (35,559)

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

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 Statues. 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority operates as a business type entity. 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 (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 ABP opinions issued after November 30, 1989.

The financial statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported in financial statements include revenues and expenses related to the primary, continuing operations of the Authority. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Authority investments in certificates of deposit from banks insured by the Federal Depository Insurance Agency.

Prepaids

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.

Property Held for Resale

Property held for resale is stated at cost. The Authority develops industrial parks to provide prospects with land for industrial development.

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

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 net position not available for expenditure or legally segregated for a specific future use. Designated net position 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, 2015, 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 $536,873 at June 30, 2015. The bank balance of the deposits at June 30, 2015 was approximately $537,031.

Credit Risk
Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2015.

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 monitor's the investment performance on an ongoing basis to limit the Authority's interest rate risk. As of June 30, 2015, the Authority's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

NOTE C - RECEIVABLES

The Authority has accrued interest receivable on certificates of deposit held at June 30, 2015.

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, 2015 was $22,096. 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				
	Buildings	Infrastructure & Improvements Other Than Buildings	Furniture, Machinery, And Equipment	Totals	Capital Assets Not Depreciated Industrial Parks
Governmental activities					
Balance, June 30, 2014	$ -	$ -	$ 28,168	$ 28,168	$ 743,088
Increases	-	-	-	-	2,400
Decreases	-	-	-	-	-
Balance, June 30, 2015	-	-	28,168	28,168	745,488
Accumulated Depreciation					
Balance, June 30, 2014	-	-	22,224	22,224	
Increase	-	-	875	875	
Decreases	-	-	-	-	
Balance, June 30, 2015	-	-	23,099	23,099	
Governmental activities Capital Assets, Net	$ -	$ -	$ 5,069	$ 5,069	$ 745,488

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.

NOTE G - NOTES PAYABLE

The following is a summary of long-term debt of the Authority for the year ended June 30, 2015.

	Payable at July 1, 2014	Retired/ Added	Balance at June 30, 2015
Sapulpa Public Works Authority	$ 56,148	$ (27,118)	$ 29,030
	$ 56,148	$ (27,118)	$ 29,030

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.

Debt service requirements for future periods are as follows:

Year Ended June 30	Principal	Interest	Total
2016	28,493	537	29,030
	$ 28,493	$ 537	$ 29,030

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.

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 $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, 2015, Creek County Home Finance paid a total of $14,500 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 20, 2015, the date which financial statements were available, to determine if any items need to be disclosed. The Authority does not believe there are any items to disclose.

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 Creek County Industrial Authority, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year ended June 30, 2015, and the related notes to the financial statements, and have issued my report thereon dated October 20, 2015 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.

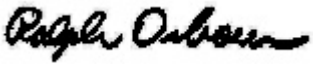
Compliance and Other Matters

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 20, 2015