

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2012

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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, 2012, which collectively comprise Creek County Industrial Authority's basic financial statements. These financial statements are the responsibility of Creek County Industrial Authority's management. 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 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, 2012, and the respective changes in financial position, thereof, in conformity with accounting principles generally accepted in the United States of America.

Creek County Industrial Authority has not presented Management's Discussion and Analysis or budgetary comparison schedules that the Governmental Accounting Standards Board has determined is 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 November 20, 2012, 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

Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
November 20, 2012

CREEK COUNTY INDUSTRIAL AUTHORITY
 SAPULPA, OKLAHOMA
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 49,603
Investments	482,000
Accounts receivable	1,944
Interest receivable	830
Prepaid expense	2,063
Notes receivable - current	<u>11,808</u>
Total current assets	<u>548,248</u>
Non-current assets:	
Notes receivable - non-current	102,712
Capital assets	
Industrial parks	898,277
Other capital assets net of accumulated depreciation	<u>7,694</u>
Total non-current assets	<u>1,008,683</u>
Total assets	<u>1,556,931</u>
LIABILITIES	
Current liabilities:	
Accounts payable	458
Accrued interest	807
Notes payable - current	<u>26,050</u>
Total current liabilities	<u>27,315</u>
Noncurrent liabilities:	
Notes payable - noncurrent	<u>82,990</u>
Total liabilities	<u>110,305</u>
NET ASSETS	
Nonspendable	915,023
Unassigned	<u>531,603</u>
Total net assets	<u>\$ 1,446,626</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, 2012

	<u>Program Revenue</u>			Net (Expenses) Revenue
	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Expenses</u>				
Function/Programs				
Governmental activities				
Industrial development	\$ 62,016	\$ 3,000	\$ -	\$ -
Total governmental activities	<u>62,016</u>	<u>3,000</u>	<u>-</u>	<u>(59,016)</u>
Total government	<u>\$ 62,016</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (59,016)</u>

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	\$ (59,016)
General revenues	
Interest	4,310
Other	272
Expense participation	<u>14,500</u>
Total general revenues	<u>19,082</u>
Change in net assets	(39,934)
Net assets - beginning	<u>1,486,560</u>
Net assets - ending	<u>\$ 1,446,626</u>

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

CREEK COUNTY INDUSTRIAL AUTHORITY
 SAPULPA, OKLAHOMA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 49,603	\$ 49,603
Investments	482,000	482,000
Accounts receivable	1,944	1,944
Interest receivable	830	830
Prepaid expense	<u>2,063</u>	<u>2,063</u>
TOTAL ASSETS	<u><u>\$ 536,440</u></u>	<u><u>\$ 536,440</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 458	\$ 458
Accrued interest	<u>807</u>	<u>807</u>
TOTAL LIABILITIES	<u>1,265</u>	<u>1,265</u>
FUND BALANCES		
Unreserved	<u>535,175</u>	<u>535,175</u>
TOTAL FUND BALANCES	<u>535,175</u>	<u>535,175</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 536,440</u></u>	<u><u>\$ 536,440</u></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, 2012

Total fund balance		\$ 535,175
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		114,520
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	926,445	
Accumulated depreciation	<u>(20,474)</u>	905,971
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
		<u>(109,040)</u>
Total net assets		<u>\$ 1,446,626</u>

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, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenue		
Rentals	\$ 3,000	\$ 3,000
Interest	4,310	4,310
Expense participation	14,500	14,500
Other income	272	272
Note proceeds	<u>11,808</u>	<u>11,808</u>
 Total revenue	 <u>33,890</u>	 <u>33,890</u>
Expenditures		
Current		
Salaries	22,528	22,528
Payroll taxes and benefits	6,426	6,426
Board expense	4,792	4,792
Professional fees	6,109	6,109
Office	5,394	5,394
Insurance	3,952	3,952
Utilities	2,592	2,592
Other	3,208	3,208
Repair and maintenance	2,335	2,335
Capital Outlay	14,278	14,278
Debt service		
Principal	25,283	25,283
Interest	<u>3,737</u>	<u>3,737</u>
 Total expenditures	 <u>100,634</u>	 <u>100,634</u>
 Excess (deficiency) of revenues over (under) expenditures	 (66,744)	 (66,744)
 Fund balances, beginning	 <u>601,919</u>	 <u>601,919</u>
 Fund balances, ending	 <u>\$ 535,175</u>	 <u>\$ 535,175</u>

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

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net changes in fund balances - total governmental funds \$ (66,744)

Amounts reported for governmental activities in the statement of activities are different because:

In the statement of activities, repayment of loan principal does not affect net assets, whereas in the governmental funds the repayment provides financial resources.

Proceeds from notes receivable	(11,808)	(11,808)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense	(942)	
Purchase of capital assets	<u>14,278</u>	13,336

The proceeds of debt issuance provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of note obligation principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activity. This is the amount by which debt payments exceed debt proceeds.

Debt payments		<u>25,283</u>
Change in net assets		<u>\$ (39,934)</u>

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

CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012

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, 2012 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, 2012

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, 2012, 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 \$531,603 at June 30, 2012. The bank balance of the deposits at June 30, 2012 was approximately \$532,461.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2012.

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, 2012, 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, 2012

NOTE C - RECEIVABLES

The Authority has accrued interest receivable on certificates of deposit held at June 30, 2012.

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, 2012 was \$69,328. 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:

	<u>CAPITAL ASSETS, DEPRECIATED</u>			<u>Totals</u>	<u>Capital Assets Not Depreciated Industrial Parks</u>
	<u>Buildings</u>	<u>Infrastructure & Furniture, Improvements Other Than Buildings</u>	<u>Machinery, And Equipment</u>		
Governmental activities					
Balance, June 30, 2011	\$ -	\$ -	\$ 28,168	\$ 28,168	\$ 898,277
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
Balance, June 30, 2012	<u>-</u>	<u>-</u>	<u>28,168</u>	<u>28,168</u>	<u>898,277</u>
Accumulated Depreciation					
Balance, June 30, 2011	-	-	19,532	19,532	
Increase	-	-	942	942	
Decreases	-	-	-	-	
Balance, June 30, 2012	<u>-</u>	<u>-</u>	<u>20,474</u>	<u>20,474</u>	
Governmental activities					
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,694</u>	<u>\$ 7,694</u>	<u>\$ 898,277</u>

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	\$ 942
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CREEK COUNTY INDUSTRIAL AUTHORITY
SAPULPA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE G - NOTES PAYABLE

The following is a summary of long-term debt of the Authority for the year ended June 30, 2012.

	<u>Payable at July 1, 2011</u>	<u>Retired/ Added</u>	<u>Balance at June 30, 2012</u>
Sapulpa Public Works Authority	\$ 134,323	\$ (25,283)	\$ 109,040
	<u>\$ 134,323</u>	<u>\$ (25,283)</u>	<u>\$ 109,040</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, 2012 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>
2013	\$ 26,050	\$ 2,980	\$ 29,030
2014	26,841	2,189	29,030
2015	27,655	1,375	29,030
2016	28,494	536	29,030
	<u>\$ 109,040</u>	<u>\$ 7,080</u>	<u>\$ 116,120</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, 2012

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. 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND 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 the 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, 2012, and have issued my report thereon dated November 20, 2012 which did not include Management's Discussion and Analysis or budgetary comparisons. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Creek County Industrial Authority's internal control over financial reporting as a basis for designing my auditing procedures 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 over financial reporting. Accordingly, I do not express an opinion of the effectiveness of Creek County Industrial Authority's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Ralph Osborn

Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
November 20, 2012