

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
CREEK COUNTY, OKLAHOMA
SAPULPA, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2014

RALPH OSBORN
CERTIFIED PUBLIC ACCOUNTANT
500 South Chestnut
PO BOX 1015
BRISTOW, OKLAHOMA 74010-1015

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Trustees
Creek County Public Facilities 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 Public Facilities Authority, a component unit of Creek County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 the modified cash basis of accounting; 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 my audit. I conducted my audit in accordance with the 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 opinions.

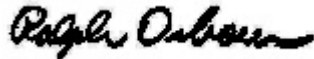
Opinions

As discussed in Note A, Creek County Public Facilities Authority prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Creek County Public Facilities Authority as of June 30, 2014, and the respective changes in financial position-modified cash basis, thereof, in conformity with the basis of accounting described in Note A.

Creek County Public Facilities 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 statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 4, 2015 on my consideration of Creek County Public Facilities 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.

A handwritten signature in black ink, appearing to read "Ralph Osborn". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
November 4, 2015

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 780,330
Total current assets	<u>780,330</u>
Non-current assets:	
Capital assets	
Land	387,871
Other capital assets net of accumulated depreciation	<u>19,146,421</u>
Total non-current assets	<u>19,534,292</u>
Total assets	<u>20,314,622</u>
LIABILITIES	
Current liabilities:	
Notes payable	<u>783,383</u>
Total current liabilities	<u>783,383</u>
Non-current liabilities:	
Bond and notes payable	<u>10,937,661</u>
Total non-current liabilities	<u>10,937,661</u>
Total liabilities	<u>11,721,044</u>
NET POSITION	
Capital assets, net of related debt	7,813,248
Restricted for:	
Construction	563,895
Debt Service	186,435
Unassigned	<u>30,000</u>
Total net position	<u>\$ 8,593,578</u>

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

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenue			Net (Expenses) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
Function/Programs					
Governmental activities					
Capital Projects	\$ 252,872	\$ -	\$ -	\$ -	\$ (252,872)
Debt Service	465,434	-	-	-	(465,434)
Special Projects	-	3,000	-	-	3,000
Total governmental activities	<u>\$ 718,306</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (715,306)</u>

Governmental
Activities

Changes in net position:

Net (expense) revenue	<u>\$ (715,306)</u>
General revenues	
Received from County	1,167,730
Interest	<u>261</u>
Total general revenue and transfers	<u>1,167,991</u>
Change in net position	452,685
Net position - beginning	<u>8,140,893</u>
Net position - ending	<u>\$ 8,593,578</u>

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

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Special Projects</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 30,000	\$ 563,895	\$ 186,435	\$ 780,330
TOTAL ASSETS	<u>\$ 30,000</u>	<u>\$ 563,895</u>	<u>\$ 186,435</u>	<u>\$ 780,330</u>
LIABILITIES AND FUND BALANCES				
FUND BALANCES				
Unreserved	\$ 30,000	\$ -	\$ -	\$ 30,000
Reserved for:				
Capital Assets	-	563,895	-	563,895
Debt service	<u>-</u>	<u>-</u>	<u>186,435</u>	<u>186,435</u>
TOTAL FUND BALANCES	<u>30,000</u>	<u>563,895</u>	<u>186,435</u>	<u>780,330</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,000</u>	<u>\$ 563,895</u>	<u>\$ 186,435</u>	<u>\$ 780,330</u>

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

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
WITH THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Total fund balance \$ 780,330

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

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

Land	387,871	
Capital assets	20,707,089	
Accumulated depreciation	<u>(1,560,668)</u>	19,534,292

Long-term liabilities are not due and payable
in the current period and therefore are not
reported as liabilities in the fund. Long-term
liabilities at year end consist of:

Note payable	<u>(11,721,044)</u>
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Total net position	<u>\$ 8,593,578</u>
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The accompanying notes are an integral part of this financial statement.

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Projects	Capital Projects	Debt Service	Total Governmental Funds
Revenue				
Received from County	\$ -	\$ -	\$ 1,167,730	\$ 1,167,730
Bond Proceeds	-	434,889	771,264	1,206,153
Interest Income	-	232	29	261
Rents	3,000	-	-	3,000
Total revenue	<u>3,000</u>	<u>435,121</u>	<u>1,939,023</u>	<u>2,377,144</u>
Expenditures				
Current				
Capital Assets	-	4,013,942	-	4,013,942
Debt service				
Note principal	-	-	1,473,296	1,473,296
Note interest and fees	-	-	465,434	465,434
Total expenditures	<u>-</u>	<u>4,013,942</u>	<u>1,938,730</u>	<u>5,952,672</u>
Net change in fund balances	3,000	(3,578,821)	293	(3,575,528)
Fund balances, beginning	<u>27,000</u>	<u>4,142,716</u>	<u>186,142</u>	<u>4,355,858</u>
Fund balances, ending	<u>\$ 30,000</u>	<u>\$ 563,895</u>	<u>\$ 186,435</u>	<u>\$ 780,330</u>

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

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Creek County Public Facilities Authority (the Authority) was created September 10, 2001 under the provision of Title 60, Oklahoma Statutes 1991, Section 176 et. seq., as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The beneficiary of the trust is Creek County, Oklahoma. The trust is managed by a seven member board which is appointed by the Board of County Commissioners of Creek County, Oklahoma.

The primary purpose of the Authority is to assist Creek County, Oklahoma (the County) and its governmental agencies in acquiring and maintaining physical properties. The Authority receives sales tax revenue from Creek County, Oklahoma. The Authority and the County are related organizations. The Authority is a component unit of the County. The County is separately audited by the State of Oklahoma, Office of the Auditor and Inspector.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position 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.

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.

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item B below.

In the fund financial statements, the "current financial resources" measurement focus is applied to the modified cash basis of accounting as defined in A below.

- A. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- B. The government wide statements use the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Authority utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

FUND TYPES AND MAJOR FUNDS

The Authority reports the following major governmental funds:

Special Projects

The Special Projects Fund is the general operating fund of the Authority.

Capital Projects

The Capital Projects fund accounts for activity related to construction and acquisition of fixed assets.

Debt Service

The Debt Service Fund reports activity associated with retiring long-term debt.

Budget

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

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.

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 under the modified cash basis. The encumbrance is added to the subsequent year expenses when paid.

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, 2014 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.

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 Authority generally capitalizes assets with cost of \$2,500 or more as purchase and construction outlay occur. 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. Capital assets obtained for use in operating the county jail or sheriff's department, other than the original cost of jail construction, are considered as belonging to Creek County and not the Authority.

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

Employee Benefits

The Authority does not have employees. The activity of the Authority is conducted by employees of the County.

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 the modified cash basis 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.

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, 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 \$780,330 at June 30, 2014. The bank balance of the deposits at June 30, 2014 was approximately \$780,330.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2014.

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, 2014, the Authority's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

Bank deposits of the Authority are combined with deposits of Creek County Oklahoma. Activity relating to these bank deposits is managed by the County Treasurer and County Clerk of Creek County.

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The long-term debt as of June 30, 2014 is as follows:

\$11,280,000 Revenue Note, Series 2012, due in yearly installments of varying amounts, with 2.4% to 4.125% interest rate, secured by Creek County sales tax revenue	\$10,655,000
\$1,203,153 Revenue Note, Series 2013, due in monthly installments of \$35,972.50, with 0.95% interest rate, secured by Creek County sales tax revenue	<u>1,066,044</u>
Total Long-term Debt	<u>\$11,721,044</u>

The annual debt service requirements to retire the note payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 783,383	\$ 393,943	\$ 1,177,326
2016	797,423	375,503	1,172,926
2017	600,238	358,903	959,141
2018	395,000	346,756	741,756
2019	410,000	334,906	744,906
2020-2024	2,220,000	1,499,270	3,719,270
2025-2029	2,625,000	1,094,156	3,719,156
2030-2034	3,175,000	548,494	3,723,494
2035	<u>715,000</u>	<u>29,494</u>	<u>744,494</u>
Total	<u>\$11,721,044</u>	<u>\$ 4,981,425</u>	<u>\$ 16,702,469</u>

The Authority paid interest in the amount of \$465,434 on notes during the current fiscal year.

NOTE E - SALES TAX

The County, pursuant to Resolution 2008-28 adopted August 25, 2008 (the "Resolution"), is levying a sales tax of one-sixth of one percent (0.1667%), as approved by the qualified electors of the County at an election held November 4, 2008, in accordance with Title 68, Oklahoma Statutes 2011, Section 1370, as amended (the "Sales Tax Revenues"), which shall be used for the payment of the debt service, including payment of interest and principal and premium. The County and the Authority have entered into a Sales Tax Agreement dated as of October 1, 2012 (the "Sales Tax Agreement"), pursuant to which the County agrees, subject to availability and appropriation of funds, to transfer, as received, to the Trustee on behalf of the Authority, and hereby appropriates to the Authority proceeds of the one-sixth of one percent Sales Tax Revenues.

<u>FY</u>	<u>Total 1 Cent</u>	<u>1/6 Cent</u>	<u>Avg Monthly</u>	<u>Change</u>
2013/14	\$ 5,552,024	\$ 925,337	\$ 77,111	5.28%
2012/13	5,273,661	878,944	73,245	-0.81%
2011/12	5,316,563	887,866	73,989	8.17%
2010/11	4,914,930	820,793	68,399	3.26%
2009/10	4,759,697	794,869	66,239	-7.84%
2008/09	5,164,733	862,510	71,876	-1.06%
2007/08	5,220,269	871,785	72,649	5.42%
2006/07	4,951,766	826,945	68,912	N/A

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE F - DEBT SERVICE COVERAGE

Debt service coverage for the Series 2012 would have been as follows, had the Series been issued previously.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
County Sales Tax Revenue (1/6 cent)	\$925,337	\$878,944	\$887,866	\$820,793
Projected Debt Service, Series 2012	744,000	744,000	\$744,000	\$744,000
Debt Service Coverage	1.25x	1.18x	1.19x	1.10x

NOTE G - 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 is included in coverage obtained by Creek County.

NOTE H - SUBSEQUENT EVENTS

The Authority has evaluated subsequent events and contingencies through November 4, 2015, the date which the financial statements were available. The Authority believes there are no events 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 Public Facilities 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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements-modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Creek County Public Facilities Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Creek County Education Facilities Authority's basic financial statements, and have issued my report thereon dated November 4, 2015 which did not include Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Creek County Public Facilities 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 Public Facilities Authority's internal control. Accordingly, I do not express an opinion of the effectiveness of Creek County Public Facilities 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

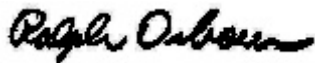
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Creek County Public Facilities Authority's financial statements-modified cash basis 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 this Report

The purpose of this report is solely to describe the scope of my 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
November 4, 2015