

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
CREEK COUNTY, OKLAHOMA
SAPULPA, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2010

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 as of and for the year ended June 30, 2010, which collectively comprise Creek County Public Facilities Authority's basic financial statements. These financial statements are the responsibility of Creek County Public Facilities 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.

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, 2010, 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 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 January 6, 2012, on my consideration of Creek County Public 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
January 6, 2012

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>8,966,015</u>
Total current assets	<u>8,966,015</u>
Non-current assets:	
Capital assets	
Land	345,300
Other capital assets net of accumulated depreciation	<u>10,636,450</u>
Total non-current assets	<u>10,981,750</u>
Total assets	<u>19,947,765</u>
LIABILITIES	
Current liabilities:	
Notes payable	<u>548,855</u>
Total current liabilities	<u>548,855</u>
Non-current liabilities:	
Bond and notes payable	<u>10,952,612</u>
Total non-current liabilities	<u>10,952,612</u>
Total liabilities	<u>11,501,467</u>
NET ASSETS	
Nonspendable	(519,717)
Restricted for:	
Construction	585,697
Debt Service	8,362,318
Unassigned	<u>18,000</u>
Total net assets	<u>\$ 8,446,298</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, 2010

	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Function/Programs					
Governmental activities					
Capital Projects	\$ 759,128	\$ -	\$ -	\$ -	\$ (759,128)
Debt Service	893,554	-	-	-	(893,554)
Special Projects	-	3,000	-	-	3,000
Total governmental activities	<u>\$1,652,682</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,649,682)</u>

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>\$ (1,649,682)</u>
General revenues	
Received from County	6,160,574
Interest	<u>327</u>
Total general revenue and transfers	<u>6,160,901</u>
Change in net assets	4,511,219
Net assets - beginning	<u>3,935,079</u>
Net assets - ending	<u>\$ 8,446,298</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, 2010

	Special Projects	Capital Projects	Debt Service	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 18,000	\$ 8,362,318	\$ 585,697	\$ 8,966,015
TOTAL ASSETS	<u>\$ 18,000</u>	<u>\$ 8,362,318</u>	<u>\$ 585,697</u>	<u>\$ 8,966,015</u>
LIABILITIES AND FUND BALANCES				
FUND BALANCES				
Unassigned	\$ 18,000	\$ -	\$ -	\$ 18,000
Assigned	-	8,362,318	-	8,362,318
Capital Assets	-	-	585,697	585,697
Debt service	-	-	-	-
TOTAL FUND BALANCES	<u>18,000</u>	<u>8,362,318</u>	<u>585,697</u>	<u>8,966,015</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,000</u>	<u>\$ 8,362,318</u>	<u>\$ 585,697</u>	<u>\$ 8,966,015</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 ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010

Total fund balance		\$ 8,966,015
Amounts reported in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Land	345,300	
Capital assets	11,340,971	
Accumulated depreciation	(704,521)	10,981,750
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		(11,501,467)
Total net assets		\$ 8,446,298

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, 2010

	Special Projects	Capital Projects	Debt Service	Total Governmental Funds
Revenue				
Received from County	\$ -	\$ 7,000	\$ 6,153,574	\$ 6,160,574
Interest Income	-	321	6	327
Bond Proceeds	-	11,765,000	-	11,765,000
Rents	<u>3,000</u>	-	-	<u>3,000</u>
Total revenue	<u>3,000</u>	<u>11,772,321</u>	<u>6,153,580</u>	<u>17,928,901</u>
Expenditures				
Current				
Capital Assets	-	1,914,123	-	1,914,123
Bond Cost	-	602,014	-	602,014
Transferred to County	-	-	73,745	73,745
Debt service				
Note principal	-	-	5,571,468	5,571,468
Note interest and fees	-	-	819,809	819,809
Total expenditures	<u>-</u>	<u>2,516,137</u>	<u>6,465,022</u>	<u>8,981,159</u>
Change in fund balance before transfers	3,000	9,256,184	(311,442)	8,947,742
Transfers	-	(893,866)	893,866	-
Net change in fund balances	3,000	8,362,318	582,424	8,947,742
Fund balances, beginning	<u>15,000</u>	-	<u>3,273</u>	<u>18,273</u>
Fund balances, ending	<u>\$ 18,000</u>	<u>\$ 8,362,318</u>	<u>\$ 585,697</u>	<u>\$ 8,966,015</u>

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

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
 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, 2010

Net changes in fund balances - total governmental funds \$ 8,947,742

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

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 of annual depreciation in the statement activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense	(157,114)	
Capital outlay	<u>1,914,123</u>	1,757,009

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 notes and lease obligation principal is an expenditure in the governmental funds, but it reduces long-term term liabilities in the statement of net assets and does not affect the statement of activity. This is the amount by which debt proceeds exceeds debt payments.

Debt proceeds	(11,765,000)	
Debt payments	<u>5,571,468</u>	<u>(6,193,532)</u>
Change in net assets		<u>\$ 4,511,219</u>

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

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 not 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 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. The primary government and component units are presented separately within the financial statements with the focus on the primary government. 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, 2010

Measurement Focus

In the government-wide Statement of Net Assets 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 assets (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 Assets 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 assets/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, 2010

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, 2010 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, 2010

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, 2010

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, 2010, 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 \$8,966,015 at June 30, 2010. The bank balance of the deposits at June 30, 2010 was approximately \$8,966,015.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2010.

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, 2010, 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, 2010

NOTE C - CAPITAL ASSETS

Changes in capital assets.

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

	CAPITAL ASSETS, DEPRECIATED			Totals	Capital Assets Not Depreciated Land
	Buildings	Infrastructure & Improvements Other Than Buildings	Furniture, Machinery, And Equipment		
Governmental activities					
Balance, June 30, 2009	\$ 9,426,848	\$ -	\$ -	\$ 9,426,848	\$ 345,300
Increases	307,944	1,606,179	-	1,914,123	-
Decreases	-	-	-	-	-
Balance, June 30, 2010	<u>9,734,792</u>	<u>1,606,179</u>	<u>-</u>	<u>11,340,971</u>	<u>345,300</u>
Accumulated Depreciation					
Balance, June 30, 2009	547,407	-	-	547,407	
Increase	157,114	-	-	157,114	
Decreases	-	-	-	-	
Balance, June 30, 2010	<u>704,521</u>	<u>-</u>	<u>-</u>	<u>704,521</u>	
Governmental activities					
Capital Assets, Net	<u>\$ 9,030,271</u>	<u>\$1,606,179</u>	<u>\$ -</u>	<u>\$10,636,450</u>	<u>\$ 345,300</u>

DEPRECIATION EXPENSE

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

County jail \$ 157,114

NOTE D - NOTE PAYABLE

The following is a summary of note payable transactions of the Authority for the year ended June 30, 2010.

	Payable at July 1, 2009	Additions	Retirements	Balance at June 30, 2010
BancFirst Series 2001	\$ 5,307,935	\$ -	\$ 5,307,935	\$ -
UMB Series 2010	-	9,465,000	-	9,465,000
RCB Series 2009	-	2,300,000	263,533	2,036,467
	<u>\$ 5,307,935</u>	<u>\$11,765,000</u>	<u>\$ 5,571,468</u>	<u>\$ 11,501,467</u>

The long-term debt as of June 30, 2010 is as follows:

\$9,000,000 Revenue Note, Series 2001, due in monthly installments of \$70,470, with 4.85% interest secured by Creek County sales tax revenue	\$ -
\$2,300,000 Revenue Note, Series 2009, due in monthly installments of \$34,889, with 4.50% interest secured by Creek County sales tax revenue	2,036,467

CREEK COUNTY PUBLIC FACILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

\$9,465,000 Revenue Note, Series 2010, due in yearly installments of varying amounts, with 3.00% to 5.75% interest secured by Creek County sales tax revenue 9,465,000

Total Long-term Debt \$11,501,467

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>
2011	\$ 548,855	\$ 569,840	\$ 1,118,695
2012	574,192	546,709	1,120,901
2013	595,234	523,917	1,119,151
2014	622,012	500,238	1,122,250
2015	644,562	475,489	1,120,051
2016-2020	1,566,612	2,142,289	3,708,901
2021-2025	1,720,000	1,783,535	3,503,535
2026-2030	2,255,000	1,254,193	3,509,193
2031-2035	<u>2,975,000</u>	<u>532,450</u>	<u>3,507,450</u>
Total	<u>\$11,501,467</u>	<u>\$ 8,328,660</u>	<u>\$ 19,830,127</u>

The Authority paid interest in the amount of \$671,138 on notes during the current fiscal year.

NOTE E - 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.

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 Public Facilities 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 Public Facilities Authority as of and for the year ended June 30, 2010, and have issued my report thereon dated January 6, 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 Public Facilities 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 Public Facilities Authority's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of Creek County Public Facilities 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 Public Facilities 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
Certified Public Accountant
Bristow, Oklahoma
January 6, 2012