

AUDIT REPORT  
THE MID-SOUTH INDUSTRIAL AUTHORITY  
DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Directors  
The Mid-South Industrial Authority  
McAlester, Oklahoma

I have audited the accompanying financial statements of the business-type activities of The Mid-South Industrial Authority as of and for the year ended December 31, 2009 and 2008, which collectively comprise The Mid-South Industrial Authority's basic financial statements. These financial statements are the responsibility of The Mid-South 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 business-type activities of The Mid-South Industrial Authority as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Mid-South 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 4, 2012, on my consideration of The Mid-South Industrial Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
June 4, 2012

THE MID-SOUTH INDUSTRIAL AUTHORITY  
MCALESTER, OKLAHOMA

STATEMENT OF NET ASSETS  
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,439	\$ 6,168
Investments	22,676	22,467
Accrued Interest Receivable	121	279
Total current assets	<u>29,236</u>	<u>28,914</u>
Total Assets	<u>29,236</u>	<u>28,914</u>
LIABILITIES		
Current liabilities		
Accounts payable	-	-
Total liabilities	<u>-</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	-	-
Unrestricted	<u>29,236</u>	<u>28,914</u>
Total Net Asset	<u>\$ 29,236</u>	<u>\$ 28,914</u>

The Accompanying Notes are an Integral Part of this Statement

THE MID-SOUTH INDUSTRIAL AUTHORITY  
MCALESTER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUE:		
Operating revenue	\$ -	\$ -
Total operating revenue	<u>-</u>	<u>-</u>
OPERATING EXPENSES:		
Legal & professional	-	-
Bank charges	<u>-</u>	<u>-</u>
Total operating expenses	<u>-</u>	<u>-</u>
Operating income (loss)	<u>-</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	<u>322</u>	<u>757</u>
Total nonoperating revenues (expenses)	<u>322</u>	<u>757</u>
Change in net assets	322	757
Total net assets, January 1,	<u>28,914</u>	<u>28,157</u>
Total net assets, December 31,	<u>\$ 29,236</u>	<u>\$ 28,914</u>

The Accompanying Notes are an Integral Part of this Statement

THE MID-SOUTH INDUSTRIAL AUTHORITY  
MCALESTER, OKLAHOMA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from rents and miscellaneous	\$ -	\$ -
Payments to suppliers for goods and services	-	-
Net Cash Flows from Operating Activities	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Miscellaneous Income	-	-
Net Cash Flows from Noncapital Financing Activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transferred from investments	271	462
Interest received	-	-
Net Cash Flows from Capital and Related Financing Activities	271	462
NET CHANGE IN CASH	271	462
CASH AND CASH EQUIVALENTS, JANUARY 1,	6,168	5,706
CASH AND CASH EQUIVALENTS, DECEMBER 31,	\$ 6,439	\$ 6,168

The Accompany Notes are an Integral Part of this Statement

THE MID-SOUTH INDUSTRIAL AUTHORITY  
MCALESTER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES:

A. Organization and Nature of Activities:

The Mid-South Industrial Authority is organized as a Trust Estate under the laws of the State of Oklahoma of Title 60 for the purpose to promote the development of industry and industrial and manufacturing activities within the corporate boundaries of Pittsburg Count.

The financial statements of the Pittsburg County Regional Exposition Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The accounting policies of the Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The propriety fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

B. Basis of Accounting:

The financial statements of the Authority have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Under the accrual method of accounting, revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

C. Cash and Cash Equivalents:

The Authority, for the purposes of the statement of cash flow, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. Investments:

The Authority carries all investments at cost, which approximates market value at year-end.

E. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE MID-SOUTH INDUSTRIAL AUTHORITY  
MCALESTER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

F. Retained Earnings:

Unreserved retained earnings represent the net assets available for future operations or distribution. Reserved retained earnings represent the net assets that have been legally identified for specific purposes.

NOTE 2 - CASH AND INVESTMENTS:

The Authority's investments at December 31, 2009 and 2008 consisted solely of certificates of deposit.

December 31, 2009

Types of Deposits	Fair Value	Maturities in Years		
		On Demand	Less Than One	More Than One
Demand Deposits	\$ 6,439	\$ 6,439	\$ -	\$ -
Certificate of Deposits	<u>22,676</u>	<u>-</u>	<u>22,676</u>	<u>-</u>
Total	<u>\$ 29,115</u>	<u>\$ 6,439</u>	<u>\$ 22,676</u>	<u>\$ -</u>

December 31, 2008

Types of Deposits	Fair Value	Maturities in Years		
		On Demand	Less Than One	More Than One
Demand Deposits	\$ 5,706	\$ 5,706	\$ -	\$ -
Certificate of Deposits	<u>22,467</u>	<u>-</u>	<u>22,467</u>	<u>-</u>
Total	<u>\$ 28,173</u>	<u>\$ 5,706</u>	<u>\$ 22,467</u>	<u>\$ -</u>

The Mid-South Industrial Authority maintains several bank accounts. The Authority conducts all its banking and investment transactions with a depository bank. The table presented above is designed to disclose the level of custody credit risk assumed by the Corporation based upon how its deposits and investments were insured at December 31, 2009 and 2008. FDIC regulations state that time and savings accounts are insured up to a \$250,000 maximum.

NOTE 5 - ACCRUED INTEREST RECEIVABLE:

Interest receivable on investments has been accrued at the applicable interest rate from the date the last interest payment to December 31, 2009 and 2008.

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 Directors  
The Mid-South Industrial Authority  
McAlester, Oklahoma

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Mid-South Industrial Authority (a component unit of The Mid-South, Oklahoma) as of and for the year ended December 31, 2009, and have issued my report thereon dated June 4, 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 The Mid-South 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 The Mid-South Industrial Authority's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of The Mid-South 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 The Mid-South 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,

A handwritten signature in cursive script that reads "Ralph Osborn".

Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
June 4, 2012