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Financial Statements
June 30, 2011 and 2010

Tulsa's Port of Catoosa Facilities Authority

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Independent Auditor's Report

To the Board of Trustees
Tulsa's Port of Catoosa Facilities Authority
Catoosa, Oklahoma

We have audited the accompanying statements of net assets of Tulsa's Port of Catoosa Facilities Authority (the Facilities Authority) as of June 30, 2011 and 2010 and the related statements of revenue, expenses, and changes in net assets, and statements of cash flows for the years then ended. These financial statements are the responsibility of the Facilities Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Tulsa's Port of Catoosa Facilities Authority and do not purport to, and do not present fairly, the financial position of the City of Tulsa - Rogers County Port Authority, as of June 30, 2011 and 2010, and the changes in its financial position or, where applicable, its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa's Port of Catoosa Facilities Authority as of June 30, 2011 and 2010 and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2011 on our consideration of Tulsa's Port of Catoosa Facilities Authority's internal control over financial reporting and our 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 performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Eide Bailly LLP

Tulsa, Oklahoma
October 13, 2011

Management's Discussion and Analysis
June 30, 2011 and 2010

Tulsa's Port of Catoosa Facilities Authority

Our discussion and analysis of Tulsa's Port of Catoosa Facilities Authority's (the Facilities Authority) financial performance provides an overview of the Facilities Authority's financial activities for the years ended June 30, 2011 and 2010. This discussion should be read in conjunction with the financial statements and other information to better understand the financial condition and performance of the Facilities Authority. Prior fiscal year information is presented for comparative purposes.

Financial Highlights

Following are the financial highlights of the Facilities Authority for the year ended June 30, 2011:

- The Facilities Authority's net assets decreased by $12,357 for the year ended June 30, 2011. The majority of this decrease can be attributed to the Port Plaza Retail Center. Port Plaza Retail Center expenses were increased with the reopening of the restaurant facility. Damages sustained from a water leak required a new tile floor to be laid and the refrigeration cooler units required additional repairs.

  The Facilities Authority's net assets decreased by $41,720 for the year ended June 30, 2010. The majority of this decrease can be attributed to the Port Plaza Retail Center. Port Plaza Retail lease revenues were reduced and Port Plaza expenses were increased with the early lease termination of Stone Mountain Café and unused space still available for lease.

- Total operating revenues for the year ended June 30, 2011 increased by $8,733 or 2.9% from June 2010, primarily due to land lease income and administrative fees.

  Total operating revenues for the year ended June 30, 2010 increased by $10,361 or 3.6% from June 2009, primarily due to land lease income.

- Total operating expenses for the year ended June 30, 2011 were lower than fiscal year 2010 by $12,185 or 3.8% primarily due to a decrease in administrative fees paid to the City of Tulsa - Rogers County Port Authority.

  Total operating expenses for the year ended June 30, 2010 were higher than fiscal year 2009 by $51,886 or 19.3%, primarily due to an increase in land lease expense and the reclassification of Port Plaza Retail Center common area expenses.

Overview of the Financial Statements

These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

Financial Statements

The statement of financial position presents information on all of the Facilities Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Facilities Authority is improving or deteriorating.

Condensed Statements of Net Assets
June 30, 2011, and 2010, and 2009

	2011	2010	2009
Assets			
Current Assets	$ 376,629	$ 399,460	$ 394,443
Capital Assets	1,730,616	1,808,481	1,874,345
Total assets	$ 2,107,245	$ 2,207,941	$ 2,268,788
Liabilities and Net Assets			
Current Liabilities	$ 25,838	$ 20,736	$ 23,520
Non-current Liabilities	273,347	366,788	383,131
Total liabilities	299,185	387,524	406,651
Net Assets			
Invested in capital assets, net of related debt	1,442,414	1,427,139	1,475,859
Unrestricted	365,646	393,278	386,278
Total net assets	1,808,060	1,820,417	1,862,137
	$ 2,107,245	$ 2,207,941	$ 2,268,788

The statements of revenues, expenses, and changes in net assets show the business-type activity of the Facilities Authority and provide information regarding income and expenses, both operating and non-operating, that affect net assets.

Condensed Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2011, and 2010, and 2009

	2011	2010	2009
Revenues			
Lease rentals	$ 292,675	$ 291,095	$ 279,059
Administrative fees	17,513	10,360	12,035
Interest income	1,776	1,673	3,859
Total revenues	311,964	303,128	294,953
Expenses			
Land lease expense	143,403	139,522	122,213
Other administrative	86,696	102,762	68,201
Depreciation	77,865	77,865	77,849
Interest expense	16,357	24,699	26,231
Total expenses	324,321	344,848	294,494
Change in Net Assets Before Special Item	(12,357)	(41,720)	459
Special Item			
Repayment of principal and interest earned on Department of Commerce EDA grant	-	-	(427,363)
Change in Net Assets	(12,357)	(41,720)	(426,904)
Net Assets - Beginning of Year	1,820,417	1,862,137	2,289,041
Net Assets - End of Year	$ 1,808,060	$ 1,820,417	$ 1,862,137

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10 to 15 of this report.

Financial Analysis

Assets of the Facilities Authority exceeded liabilities by $1,808,060 and $1,820,417 at the close of the 2011 and 2010 fiscal years, respectively. The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. buildings and infrastructure), net of related outstanding debt used to acquire those assets. Property included in capital assets generates lease income.

Total net assets of the Facilities Authority decreased by $12,357 and $41,720 for the 2011 and 2010 fiscal years, respectively. The decreases for both 2011 and 2010 are attributable to the Port Plaza Retail Center discussed in the financial highlights section. Net assets attributable to continuing operations were stable.

Capital Asset and Debt Administration

Capital Assets

The largest portion of the Authority's total assets reflects its investment in capital assets of $1,730,616 and $1,808,481 for the years ended June 30, 2011 and 2010, respectively. Capital assets consist primarily of the retail business center and leasehold improvements. Major projects during fiscal years 2011 and 2010 included the acquisition of leasehold improvements and a tenant company building. Depreciation expense was $77,865 and $77,865 for the years ended June 30, 2011 and 2010, respectively.

The retail business center is a 12,400 square-foot building constructed on land leased from the Port Authority. The center leases space to tenants for providing commercial services and other uses and currently includes three food-service companies and offices for a construction company. The lease is a 20-year primary term lease expiring August 21, 2022.

Long-Term Debt

At the end of fiscal years 2011 and 2010, the Facilities Authority had total debt outstanding of $288,202 and $381,342, respectively. The debt represents a 20-year loan for construction of the retail business center. The Facilities Authority paid the loan down to $300,000 principal and refinanced the loan with a lower interest rate fixed at 4.5% for 5 years with the remaining loan term interest rate at prime + 1.25% in October 2010. Changes in total outstanding debt represent principal payments on this note.

Economic Factors

The Facilities Authority is a tax-exempt public trust of the Port Authority. The Port Authority is the primary beneficiary of the Facilities Authority. The Facilities Authority was created by the Port Authority to finance and promote development of the Port Authority's 2,000-acre water port and industrial park. Past activities include financing of infrastructure improvements and obtaining conduit financing for tenants of the Port Authority. The Facilities Authority is not responsible for the repayment of loans arranged under conduit financing arrangements with tenants of the Port Authority. The Facilities Authority is responsible for the debt relating to the retail business center.

Requests for Information

The financial report is designed to provide a general overview of the Facilities Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tulsa's Port of Catoosa Facilities Authority, 5350 Cimarron Road, Catoosa, OK 74015-3027.

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 371,177	$ 399,398
Accounts receivable, no allowance for doubtful accounts in 2011 and 2010	5,260	62
Prepaid expenses	192	-
Total current assets	376,629	399,460
Capital Assets, Net	1,730,616	1,808,481
Total assets	$ 2,107,245	$ 2,207,941
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,592	$ 756
Accrued liabilities	9,391	4,139
Deferred revenue	-	1,287
Current portion of long-term debt	14,855	14,554
Total current liabilities	25,838	20,736
Long Term Debt, Less Current Portion	273,347	366,788
Total liabilities	299,185	387,524
Net Assets		
Invested in capital assets, net of related debt	1,442,414	1,427,139
Unrestricted	365,646	393,278
Total net assets	1,808,060	1,820,417
	$ 2,107,245	$ 2,207,941

	2011	2010
Operating Revenues		
Retail center lease rentals	$ 53,440	$ 55,353
Land lease income	197,274	193,781
Other building rentals	41,961	41,961
Administrative fees	17,513	10,360
Total operating revenues	310,188	301,455
Operating Expenses		
Land lease	143,403	139,522
Administrative fees to Port Authority	15,000	30,000
Retail center	71,696	72,762
Depreciation expense	77,865	77,865
Total operating expenses	307,964	320,149
Operating Income (Loss)	2,224	(18,694)
Non-operating Revenue (Expense)		
Interest income	1,776	1,673
Interest expense	(16,357)	(24,699)
Total non-operating expense	(14,581)	(23,026)
Changes in Net Assets	(12,357)	(41,720)
Net Assets, Beginning of Year	1,820,417	1,862,137
Net Assets, End of Year	$ 1,808,060	$ 1,820,417

	2011	2010
Operating Activities		
Cash received from customers	$ 303,703	$ 330,846
Cash paid to suppliers	(209,203)	(215,553)
Cash paid to affiliate	(15,000)	(30,000)
Net Cash from Operating Activities	79,500	85,293
Capital and Related Financing Activities		
Acquisition of capital assets	-	(12,001)
Principal payments on long-term debt	(93,140)	(17,144)
Interest expense paid	(16,357)	(24,699)
Net Cash used for Financing Activities	(109,497)	(53,844)
Investing Activities		
Investment income	1,776	1,673
Net Cash from Investing Activities	1,776	1,673
Net Change in Cash and Cash Equivalents	(28,221)	33,122
Cash and Cash Equivalents, Beginning of Year	399,398	366,276
Cash and Cash Equivalents, End of Year	$ 371,177	$ 399,398
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income (loss)	$ 2,224	$ (18,694)
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	77,865	77,865
Changes in assets and liabilities		
Accounts receivable	(5,198)	28,105
Prepaid expenses	(192)	-
Accounts payable	836	(2,520)
Accrued liabilities	5,252	(750)
Deferred revenue	(1,287)	1,287
Total adjustments	77,276	103,987
Net Cash from Operating Activities	$ 79,500	$ 85,293

Note 1 - Significant Accounting Policies

Organization and Reporting Entity

Tulsa's Port of Catoosa Facilities Authority (the Facilities Authority), a related organization of the City of Tulsa - Rogers County Port Authority (the Port Authority), is a tax-exempt public trust, which was created in 1969 to finance and promote development of Tulsa Port of Catoosa industrial facilities. The Port Authority is responsible for appointing the Facilities Authority's board of directors. The Port Authority's accountability for the Facilities Authority does not extend beyond making the appointments.

The Facilities Authority has entered into agreements with the Port Authority and its tenants, whereby the Facilities Authority has leased from the Port Authority certain properties and, in turn, the Facilities Authority has leased these properties to the Port Authority's tenants.

The Facilities Authority also owns and operates a retail center located at the entrance to the Port of Catoosa.

The Port Authority is the primary beneficiary of the Facilities Authority; The City of Tulsa and Rogers County, Oklahoma are the secondary beneficiaries.

The Facilities Authority has no component units, as defined by the Governmental Accounting Standards Board (GASB). In addition, the accompanying financial statements do not include any fiduciary funds.

Basis of Accounting

The activities of the Facilities Authority are accounted for in a proprietary fund. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is on the determination of net income, financial position, and cash flows. As a result, the Facilities Authority uses the accrual method of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Facilities Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues consist of retail center tenant rent, administrative fees paid by Port of Catoosa tenants for financing arrangements, and land lease income. Operating expenses are costs associated with operating the Facilities Authority.

The Facilities Authority follows the policy of applying all applicable pronouncements of the GASB, as well as all Statements and Interpretations of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts and unrestricted short-term investments with original maturities of 90 days or less.

Accounts Receivable

An allowance for doubtful accounts is established by management, based on past experience and analysis of current receivable collectability. Accounts receivable are short-term, non-interest bearing, and uncollateralized and are considered past due after 30 days. The Facilities Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Capital Assets

Capital assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from 5 to 30 years. Maintenance and repairs are charged to expense as incurred, whereas renewals and betterments are generally capitalized. Donated property is capitalized at its fair market value at the date of the gift. The Facilities Authority follows the practice of capitalizing items over $2,000 with a useful life of more than one year. The Facilities Authority records impairments to its capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values, as determined by the Facilities Authority, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2011 and 2010.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Facilities Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Income Taxes

The Facilities Authority is a governmental entity, as described in Section 115 of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes pursuant to this section of the IRC.

Capital Contributions

Certain expenditures of the Facilities Authority are funded through various grants from local, state and federal sources, including the Port Authority. These grants are considered earned as the related allowable expenses are incurred. Grants for capital asset acquisition and construction are reported in the statements of revenues, expenses, and changes in net assets as capital contributions.

Use of 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. Actual results could differ from those estimates.

Reclassifications

Certain amounts for the year ended June 30, 2010 have been reclassified for comparative purposes to conform to the presentation used in the June 30, 2011 financial statements.

Note 2 - Cash and Cash Equivalents

The deposit balances of the Facilities Authority, which consist of cash and cash equivalents, are categorized below to give an indication of the level of custodial risk assumed by the Facilities Authority at June 30, 2011 and 2010.

	2011	2010
Level of risk		
Insured by the Federal Deposit Insurance Corporation	$ 257,432	$ 253,497
Collateralized with securities held by the pledging financial institution in the Facilities Authority's name	113,986	144,614
Total bank balances	$ 371,418	$ 398,111
Total book balances	$ 371,177	$ 399,398

Note 3 - Capital Assets

Activity in capital assets for the years ending June 30, 2011 and 2010 was as follows:

	June 30, 2010	Increases	Decreases	June 30, 2011
Buildings and improvements				
Retail center	$ 1,277,963	$ -	$ -	$ 1,277,963
Leasehold improvements	930,000	-	-	930,000
Less accumulated depreciation	(399,482)	(77,865)	-	(477,347)
Net capital assets	$ 1,808,481	$ (77,865)	$ -	$ 1,730,616

	June 30, 2009	Increases	Decreases	June 30, 2010
Buildings and improvements				
Retail center	$ 1,265,962	$ 12,001	$ -	$ 1,277,963
Leasehold improvements	930,000	-	-	930,000
Less accumulated depreciation	(321,617)	(77,865)	-	(399,482)
Net capital assets	$ 1,874,345	$ (65,864)	$ -	$ 1,808,481

All of the above items are leased by the Facilities Authority to various tenants under operating leases.

Note 4 - Conduit Debt

The Facilities Authority arranges long-term financing with financial institutions for some of the Tulsa Port of Catoosa's tenants. The Facilities Authority earns administrative fees for this service. The financing agreements are structured such that the debt is to be repaid solely by the tenant from the revenues derived from the related facilities leased or acquired or from the disposition of the related collateral. The Facilities Authority is not obligated to repay such debt. The aggregate amount of these financings as of June 30, 2011 and 2010 was approximately $2,858,000 and $3,143,000, respectively, which is not reflected in the accompanying financial statements.

The Facilities Authority acted as an agent for Rogers County in financing transactions between Rogers County and the Port Authority. The purpose of the loans was for carrying out Oklahoma Department of Commerce approved economic development projects for the Port Authority. In management's opinion, the Facilities Authority has no obligation under the loans and, therefore, liabilities have not been recorded in the Facilities Authority's June 30, 2011 financial statements. The aggregate amount of these financings as of June 30, 2011 and 2010 was $413,645 and $489,125, respectively.

Note 5 - Related Party Transactions

The Facilities Authority pays monthly administrative charges to the Port Authority. The administrative charges were $15,000 and $30,000 for the years ended June 30, 2011 and 2010, respectively. The Facilities Authority is not a part of the Port Authority; however, if this relationship did not exist, the results of operations could be significantly different.

During the year ended June 30, 2007, the Facilities Authority received $325,000 in contributed capital from the Port Authority to assist the Facilities Authority in acquiring an investment in a customer's building located at the Port of Catoosa. The Facilities Authority agreed to acquire the building and lease it back to the customer. The lease calls for a 5-year term, with monthly payments of $4,247, expiring in January 2012. The customer has the option to renew the lease for two additional terms of 3 years each.

The Facilities Authority leases certain real estate from the Port Authority and subleases it to its tenants. Substantially all lease revenues from the tenants are passed through to the Port Authority. Lease revenue passed through to the Port Authority from the Facilities Authority was $106,392 and $130,007 in 2011 and 2010, respectively.

Report of 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 Board of Trustees
Tulsa's Port of Catoosa Facilities Authority
Catoosa, Oklahoma

We have audited the financial statements of Tulsa's Port of Catoosa Facilities Authority (the Facilities Authority) as of and for the year ended June 30, 2011 and have issued our report thereon dated October 13, 2011, which indicates that the financial statements present only the Tulsa's Port of Catoosa Facilities Authority and do not purport to, and do not present fairly, the financial statements of the City of Tulsa - Rogers County Port Authority. We conducted our 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 our audit, we considered the Facilities Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tulsa's Port of Catoosa 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above; however, we identified a deficiency in internal control over financial reporting, described below, that we consider to be a significant deficiency in internal control over financial reporting: Finding 2011-1. 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.

Finding 2011-1: Preparation of Financial Statements

Condition:	The Facilities Authority does not have a year-end financial reporting control system in place to prepare the financial statements and related footnote disclosures in accordance with Generally Accepted Accounting Principles (GAAP).
Criteria:	The development and implementation of a year-end financial reporting control system is the responsibility of the Facilities Authority's management. This process includes the preparation of financial statements and footnotes. The auditor cannot be part of the Facilities Authority's financial reporting control system. In addition, controls should be in place for the selection and application of accounting principles, in accordance with accounting principles generally accepted in the United States.
Cause:	The Facilities Authority implemented a system but the process was not effective in identifying all the necessary disclosures in accordance with generally accepted accounting principles.
Context:	The Facilities Authority's financial statements were exported out of its accounting software, but disclosures were necessary.
Effect:	The financial statements were prepared by the auditor.
Recommendation:	The Board of Directors should continue to evaluate and weigh the costs and benefits of developing and implementing a year-end financial reporting system. The year-end financial reporting process should include procedures to identify all required financial statement disclosures.
Response:	Management of the Facilities Authority has considered and accepts the degree of risk associated with not having a system in place to prepare the Facilities Authority's own financial statements with full disclosure accompanying notes to the financial statements. Due to the cost/benefit associated with full disclosures and the size of its small accounting staff, the Facilities Authority has elected not to prepare full disclosure financial statements; however, the Facilities Authority does prepare monthly un-audited financial statements, which include a statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tulsa's Port of Catoosa Facilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The Facilities Authority's response to the finding identified in our audit is described above. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Board of Trustees, management, 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.

Eide Bailly LLP

Tulsa, Oklahoma
October 13, 2011