
THE CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Central Oklahoma Economic Development District
Shawnee, OK

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Central Oklahoma Economic Development District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Central Oklahoma Economic Development District. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Central Oklahoma Economic Development District as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows, for the year 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 November 2, 2012, on our consideration of the internal control over financial reporting of the Central Oklahoma Economic Development District, and on 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 an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements of the Central Oklahoma Economic Development District as a whole. The combining nonmajor fund financial statements and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
November 2, 2012

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	Governmental	Business-Type	2012	Memo Only
	Activities	Activities	Total	2011
				Total
ASSETS				
Current Assets				
Cash and investments	1,052,316	1,356,361	2,408,677	2,411,602
Cash and investments - restricted	807,454	0	807,454	920,793
Grants receivable	530,482	0	530,482	549,272
Accounts receivable	7,218	0	7,218	29,083
Notes receivable, current portion	1,219	218,535	219,754	133,556
Total current assets	2,398,689	1,574,896	3,973,585	4,044,306
Noncurrent Assets				
Accrued interest	0	8,086	8,086	4,771
Notes receivable, less current portion	66,747	1,041,956	1,108,703	1,328,440
Depreciable property and equipment	97,869	0	97,869	97,869
Accumulated depreciation	(78,683)	0	(78,683)	(55,374)
Net property and equipment	19,186	0	19,186	42,495
Total noncurrent assets	85,933	1,050,042	1,135,975	1,375,706
TOTAL ASSETS	2,484,622	2,624,938	5,109,560	5,420,012
LIABILITIES				
Current Liabilities				
Accounts payable	3,429	0	3,429	16,540
Accrued payroll liabilities	34,791	0	34,791	34,367
911 fee payable	14,142	0	14,142	145
Deferred revenues	153,530	0	153,530	237,285
Pass-through payable	1,031,533	0	1,031,533	1,052,485
Accrued interest payable	0	603	603	700
Current portion of long-term debt	0	55,884	55,884	55,331
Total current liabilities	1,237,425	56,487	1,293,912	1,396,853
Noncurrent Liabilities				
Long-term debt, less current portion	0	723,217	723,217	779,101
TOTAL LIABILITIES	1,237,425	779,704	2,017,129	2,175,954
NET ASSETS				
Invested in capital assets	19,186	0	19,186	42,495
Restricted for:				
Grants	117,157	0	117,157	116,436
Donations	33,480	0	33,480	58,929
Loan programs	0	1,845,234	1,845,234	1,792,547
Unrestricted	1,077,374	0	1,077,374	1,233,651
TOTAL NET ASSETS	1,247,197	1,845,234	3,092,431	3,244,058

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Memo Only	
		Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2012 Total	2011 Total
Governmental activities:									
General operations	(365,951)	(70,461)	221,231	57,662	0	(157,519)	0	(157,519)	94,422
REAP	(1,000,848)	0	0	1,000,848	0	0	0	0	0
CENA	(212,790)	0	0	223,990	0	11,200	0	11,200	11,180
Area Agency on Aging	(2,213,813)	(51,907)	0	2,245,200	0	(20,520)	0	(20,520)	(19,712)
Economic development	(73,724)	(16,322)	0	63,032	0	(27,014)	0	(27,014)	(27,492)
Rural fire protection	(84,459)	(17,923)	4,400	70,000	0	(27,982)	0	(27,982)	(36,937)
Sub-state planning	(32,598)	(6,590)	0	36,364	0	(2,824)	0	(2,824)	(9,548)
Medicare-D	(7,657)	(1,943)	0	9,600	0	0	0	0	0
Living Longer Living Stronger	(13,478)	(521)	0	13,987	0	(12)	0	(12)	0
Medicare Improvements	(6,575)	(1,635)	0	8,085	0	(125)	0	(125)	0
Money Follows the Person	(1,476)	0	0	1,476	0	0	0	0	0
Total governmental activities	(4,013,369)	(167,302)	225,631	3,730,244	0	(224,796)	0	(224,796)	11,913
Business-type activities:									
EDA revolving loan fund	0	0	26,160	0	0		26,160	26,160	29,055
Rural development IRP program*	(8,293)	0	47,265	0	0		38,972	38,972	44,917
Total business-type activities	(8,293)	0	73,425	0	0	0	65,132	65,132	73,972
Total all activities	(4,021,662)	(167,302)	299,056	3,730,244	0	(224,796)	65,132	(159,664)	85,885
			General revenues:						
			Investment income			8,038	0	8,038	9,383
			Transfers			12,445	(12,445)	0	0
			Total general revenues and transfers			20,483	(12,445)	8,038	9,383
			Change in net assets			(204,313)	52,687	(151,626)	95,268
			Beginning net assets			1,451,510	1,792,547	3,244,057	3,148,789
			Ending net assets			1,247,197	1,845,234	3,092,431	3,244,057

* Includes interest expense of \$8,247

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2012

	Major Governmental Funds			Non-major Governmental Funds	Total Governmental Funds	Memo Only
	General Fund	Area Agency on Aging	EDA			2011 Governmental Funds
ASSETS						
Cash and investments	1,052,316	0	0	0	1,052,316	1,181,564
Cash and investments - restricted	802,224	5,230	0	0	807,454	920,793
Grants receivable	192,208	225,454	92,500	20,320	530,482	549,272
Accounts receivable	7,218	0	0	0	7,218	29,083
Due from other funds	30,103	0	0	1,137	31,240	57,000
TOTAL ASSETS	2,084,069	230,684	92,500	21,457	2,428,710	2,737,712
LIABILITIES						
Accounts payable	3,429	0	0	0	3,429	16,540
Accrued payroll liabilities	16,316	9,156	3,470	5,849	34,791	34,367
911 fee payable	14,142	0	0	0	14,142	145
Deferred revenue	55,253	5,996	86,247	6,034	153,530	237,285
Pass-through payable	834,884	196,649	0	0	1,031,533	1,052,485
Due to other funds	0	18,883	2,783	9,574	31,240	57,001
TOTAL LIABILITIES	924,024	230,684	92,500	21,457	1,268,665	1,397,823
FUND BALANCES						
Restricted						
REAP	117,157	0	0	0	117,157	116,436
Donations	33,480	0	0	0	33,480	58,929
Unrestricted						
Unassigned	1,009,408	0	0	0	1,009,408	1,164,524
TOTAL FUND BALANCES	1,160,045	0	0	0	1,160,045	1,339,889
TOTAL LIABILITIES AND FUND BALANCES	2,084,069	230,684	92,500	21,457	2,428,710	2,737,712

Reconciliation of total fund balance to total net assets:

Total fund balance	1,160,045	1,339,889
Note receivable, current	1,219	1,160
Note receivable, less current	66,747	67,966
Capital assets	97,869	97,869
Accumulated depreciation	(78,683)	(55,374)
Total net assets	1,247,197	1,451,510

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Major Governmental Funds			Non-major Governmental Funds	Total Governmental Funds	Memo Only
	General Fund	Area Agency on Aging	EDA			2011 Governmental Funds
Revenues						
Federal grants	0	1,191,382	63,032	33,148	1,287,562	1,277,985
State grants	1,282,500	1,053,818	0	106,364	2,442,682	3,129,961
Interest income	8,038	0	0	0	8,038	9,383
Service fees	112,986	0	0	4,400	117,386	246,927
Local assessments	109,405	0	0	0	109,405	111,905
Total Revenues	1,512,929	2,245,200	63,032	143,912	3,965,073	4,776,161
Expenditures						
General operations	415,982	0	0	0	415,982	305,185
REAP	1,000,848	0	0	0	1,000,848	1,656,833
CENA	212,790	0	0	0	212,790	213,345
Area Agency on Aging	0	2,265,665	0	0	2,265,665	2,285,750
Economic development	0	0	90,046	0	90,046	91,640
Rural fire	0	0	0	102,382	102,382	110,137
Sub-state planning	0	0	0	36,364	36,364	36,363
Medicare-D	0	0	0	9,600	9,600	0
Living Longer Living Stronger	0	0	0	13,999	13,999	10,550
Medicare Improvements for Patients & Providers	0	0	0	8,210	8,210	309
Money Follows the Person	0	0	0	1,476	1,476	17,283
Capital assets	0	0	0	0	0	26,421
Total Expenditures	1,629,620	2,265,665	90,046	172,031	4,157,362	4,753,816
Revenues Over (Under) Expenditures	(116,691)	(20,465)	(27,014)	(28,119)	(192,289)	22,345
OTHER FINANCING SOURCES (USES)						
Required match transfers	(47,479)	20,465	27,014	0	0	47,007
Transfers-in (out)	(6,126)	0	0	18,571	12,445	(32,608)
TOTAL OTHER FINANCING SOURCES (USES)	(53,605)	20,465	27,014	18,571	12,445	14,399
NET CHANGE IN FUND BALANCE	(170,296)	0	0	(9,548)	(179,844)	36,744
BEGINNING FUND BALANCE	1,330,341	0	0	9,548	1,339,889	1,303,145
ENDING FUND BALANCE	1,160,045	0	0	0	1,160,045	1,339,889

Reconciliation of the net change in fund balance to the change in net assets:

Net change in fund balance	(179,844)	36,744
Capital asset purchases capitalized	0	(26,421)
Loss on disposal of capital assets	0	4,412
Principal payments	(1,160)	(1,103)
Depreciation expense	(23,309)	22,063
Change in net assets	(204,313)	35,695

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2012

	EDA	Rural	Total	Memo Only
	Revolving	Development	Proprietary	2011
	Loan Fund	IRP	Funds	Proprietary
				Funds
ASSETS				
Current Assets				
Cash and investments	571,820	784,541	1,356,361	1,230,038
Notes receivable, current portion	51,586	166,949	218,535	132,396
Total current assets	623,406	951,490	1,574,896	1,362,434
Noncurrent Assets				
Interest receivable	0	8,086	8,086	4,771
Notes receivable, less current portion	411,513	630,443	1,041,956	1,260,474
Total non-current assets	411,513	638,529	1,050,042	1,265,245
TOTAL ASSETS	1,034,919	1,590,019	2,624,938	2,627,679
LIABILITIES				
Current Liabilities				
Accrued interest	0	603	603	700
Current portion of long-term debt	0	55,884	55,884	55,331
Total current liabilities	0	56,487	56,487	56,031
Noncurrent liabilities				
Long-term debt, less current portion	0	723,217	723,217	779,101
TOTA LIABILITIES	0	779,704	779,704	835,132
NET ASSETS	1,034,919	810,315	1,845,234	1,792,547

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	EDA	Rural	Total	Memo Only
	Revolving	Development	Proprietary	2011
	Loan Fund	IRP	Funds	Proprietary
				Funds
OPERATING REVENUES				
Interest income	26,160	46,948	73,108	77,917
Fees and charges	0	317	317	5,262
TOTAL OPERATING REVENUES	26,160	47,265	73,425	83,179
OPERATING EXPENSES				
Filing and other fees	0	46	46	67
Interest expense	0	8,247	8,247	9,140
TOTAL OPERATING EXPENSES	0	8,293	8,293	9,207
OPERATING INCOME	26,160	38,972	65,132	73,972
TRANSFERS (OUT)	(12,445)	0	(12,445)	(14,399)
NET INCOME	13,715	38,972	52,687	59,573
BEGINNING NET ASSETS	1,021,204	771,343	1,792,547	1,732,974
ENDING NET ASSETS	1,034,919	810,315	1,845,234	1,792,547

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	EDA	Rural	Total	Memo Only
	Revolving	Development	Proprietary	2011
	Loan Fund	IRP	Funds	Proprietary
				Funds
Cash flows from operating activities:				
Principal payments received from borrowers	49,042	83,343	132,385	509,675
New loans made	0	0	0	(504,564)
Interest from loans, deposits, and CD's	26,153	43,950	70,103	73,121
Loan fees received	0		0	5,262
Other operating payments	0	(45)	(45)	(68)
Principal payments	0	(55,331)	(55,331)	(54,783)
Interest payments	0	(8,344)	(8,344)	(8,892)
Net cash flows from operating activities	75,195	63,573	138,768	19,751
Cash flows from non-capital financing activities:				
Transfers to other funds	(12,445)	0	(12,445)	(14,399)
Net increase (decrease) in cash	62,750	63,573	126,323	5,352
Beginning Cash	509,070	720,968	1,230,038	1,224,686
Ending Cash	571,820	784,541	1,356,361	1,230,038
Reconciliation of Operating Income				
to Net Cash Used by Operating Activities:				
Net income from operations	26,160	38,972	65,132	73,972
(Increase) decrease in notes receivable	49,035	83,343	132,378	5,333
(Increase) decrease in interest receivable	0	(3,315)	(3,315)	(4,771)
Increase (decrease) in notes payable	0	(55,427)	(55,427)	(54,783)
Net Cash Used by Operating Activities	75,195	63,573	138,768	19,751

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

1. Summary of Significant Accounting Policies

The District complies with generally accepted accounting principles (GAAP), which includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless they conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities, it has chosen not to do so.

For the fiscal year ended June 30, 2011, the District implemented the new financial reporting requirements of GASB-54, which established new fund balance classifications for governmental funds. Fund balance is now composed of three primary categories: Non-spendable, restricted, and unrestricted. Currently, the District has no non-spendable fund balance. Restricted amounts reflect amounts that are restricted by external sources. Unrestricted balances consist of amounts that either have no restriction, or that have been internally restricted by the District's board of directors. Currently, the District has no internally restricted resources.

1A. Financial Reporting Entity

The Central Oklahoma Economic Development District (District) is organized under the provisions of the 1965 Inter-Local Cooperation Act. The District is authorized under its articles of association to provide planning, technical assistance, and direct services management to the eight counties of Creek, Hughes, Lincoln, Okfuskee, Pawnee, Payne, Pottawatomie and Seminole, as well as public agencies having jurisdiction within those counties, including cities, towns, soil and water conservation districts, school districts, and other public agencies, districts, authorities, and political subdivisions.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Central Oklahoma Economic Development District (the primary government) and its component unit. The component discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

1B. Blended Component Units

The Central Oklahoma Development Trust Authority (Trust) is an entity legally separate from the District. For financial reporting purposes, the Trust is reported as if it were part of the District's operations because its purpose is to administer the District's revolving loan programs. The Trust does not issue separate financial statements.

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

1C. Financial Statements

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's economic development activities, Area Agency on Aging, rural fire protection office and general administration are classified as governmental activities. The District's economic development loan programs are classified as business-type activities.

1D. Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities are financed by local assessments, charges for services, and grants. Business-type activities are financed by fees charged for services.

1E. Fund Financial Statements

Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

1F. Governmental Funds

The measurement focus of governmental funds in the fund statements is current financial resources. Generally only current financial assets and liabilities are included on their balance sheets and only sources and uses of available spendable resources are presented on their operating statements. Fund balance is used as their measure of available spendable resources at the end of the period. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes.

1G. Proprietary Funds

The measurement focus of proprietary funds is economic resources, the objectives of which involves the determination of operating income, changes in net assets, financial position, and cash flows. Operating income results from providing services in

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

connection with the fund's principal ongoing operations. All revenues not meeting this definition are non-operating revenues. The following is a description of the proprietary funds of the District:

Enterprise Funds (Intermediary Re-lending Program; Revolving Loan Fund) are used to account for business-like activities provided to the general public and financed primarily by user charges.

1H. Major and Nonmajor Funds

The emphasis in fund financial statements is on major funds in either the governmental or proprietary fund categories. Nonmajor funds by category are summarized into a single column. GASB-34 sets forth the following minimum criteria for the determination of major funds, except that the general fund is always major:

Total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total for all funds of the same type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or business-type fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The District's major funds are the general fund, the Area Agency on Aging fund, the Economic Development Agency fund, the intermediary re-lending program fund; and the revolving loan fund. The remaining funds are nonmajor.

The general fund provides all types of grant application and administration assistance to member governments, as well as mapping services, providing technical assistance for economic development, and administering the Rural Economic Action Program grants and the Community Expansion of Nutrition Assistance grants.

The Area Agency on Aging fund administers two senior nutrition projects in the COEDD area, as well as providing information and referral services to seniors age 60 and over; ombudsmen services; and medi-care assistance programs.

The Economic Development Agency fund develops the Consolidated Economic Development Strategy for the COEDD region, as well as administering EDA grants and providing technical assistance for economic development projects.

The two revolving loan funds provide economic development loans to new and expanding businesses in the COEDD area.

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

1I. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1J. Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and proprietary fund financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

1K. Modified Accrual Basis

The governmental fund financial statements are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (both measurable and available). Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized when the related liability is incurred.

1L. Cash and Cash Equivalents

The District has defined cash and cash equivalents to be cash on hand, demand deposits, cash with fiscal agents, and short-term investments with original maturities of three months or less from the date of acquisition.

1M. Investments

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments*, which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

1N. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowances for uncollectible accounts are based on historical trends and periodic aging.

1O. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation of the government-wide financial statements.

1P. Capital Assets

Furniture and equipment purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Depreciation on all assets is provided on the straight-line basis over 3 years.

1Q. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment and subject to certain limitations. These compensated absences are expensed as earned.

1R. Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met.

Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. When both restricted and unrestricted resources are available for use, it is the District's policy to use the restricted resources first, and then the unrestricted resources as needed.

1S. Indirect Cost Allocations

Indirect costs are allocated to individual funds based on each fund's percent of direct payroll.

1T. Memo Only Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

2. Deposits and Investments

The State of Oklahoma allows government entities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

The District has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed.

The District has deposits at year-end that are exposed to custodial credit risk (bank balances not covered by depository insurance) as follows:

Uncollateralized	281,820
Collateralized by securities held by the pledging financial institution	0
Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the District's name	652,721

3. Restricted Cash and Investments

Cash and investments restricted by federal or state grant contracts or by donors are reported as restricted cash and investments.

4. Capital Assets

Capital asset activity for the year ended June 30, 2012, is summarized as follows:

Governmental activities	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Furniture and equipment	97,869	0	0	97,869
Accumulated depreciation	(55,374)	(23,309)	0	(78,683)
Net governmental assets	<u>42,495</u>	<u>(23,309)</u>	0	<u>19,186</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General fund	20,430
Area Agency on Aging	55
Sub-state planning	<u>2,824</u>
Total governmental depreciation	<u><u>23,309</u></u>

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

5. Defined Contribution Pension Plan

Plan Description – The District contributes to a defined contribution pension plan administered by the Equitable Life Assurance Company. The plan provides retirement benefits to all participating employees, who are 100% vested after 7 years.

Funding Policy – The District contributes 9% of eligible employee salaries of \$467,938. Participating employees must contribute a minimum of 3%, and may contribute up to 25%. For the year just ended, contributions were \$42,114 and \$31,340 respectively.

6. Risk Management

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was no claims activity for the year just ended.

7. Long-term Debt and Notes Receivable

The following is a summary of the District's long-term debt activity for the year just ended:

Business-type activities	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Economic development notes	834,431	0	(55,331)	779,100	55,884

A summary of debt service requirements to maturity by year is as follows:

Year Ended June 30	Economic Development	
	Principal	Interest
2013	55,884	7,791
2014	56,443	7,232
2015	57,008	6,667
2016	57,577	6,098
2017	58,153	5,522
2018-2022	299,606	18,769
2023-2027	186,118	4,768
2028	8,312	83
Total	779,101	56,930

**The Central Oklahoma Economic Development District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2012**

Debt outstanding at June 30, 2012, consists of two notes originally issued for \$1,455,000 for the purpose of a revolving loan fund. The notes carry an annual interest rate of 1% and mature June 24, 2024 and April 11, 2028. The notes are secured by mortgages, liens on equipment, cash and net notes receivable. The District has no obligation for the debt beyond resources provided by the related notes receivable.

8. Operating Leases

COEDD is obligated under two leases accounted for as operating leases; one for a phone system and one for a copier. Operating leases do not give rise to property rights and are not capitalized in the statement of net assets. Rental expenses for the year were \$7,007. Future minimum rental payments are as follows:

	Phone	Copier	Total
2013	2,207	4,800	7,007

9. Inter-fund Balances

Inter-fund receivable and payable balances at year end were as follows:

	Governmental Funds				Total
	GF	EDA	AAA	Non-major	Interfund
Operations	30,103	(2,783)	(18,883)	(8,437)	0

Inter-fund transfers for the year were as follows:

	Governmental Funds				Total	
	GF	EDA	AAA	Non-major	RLF	Transfers
Matching	(47,479)	27,014	20,465	0	0	0
Operations	(6,126)	0	0	18,571	(12,445)	0
Total	(53,605)	27,014	20,465	18,571	(12,445)	0

10. Subsequent Events

Management performed an evaluation of the District's activity through November 2, 2012, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through that date.

BECKY FLEMING, C.P.A., INC.

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**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 Board of Directors
The Central Oklahoma Economic Development District
Shawnee, OK

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Oklahoma Economic Development District as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the Central Oklahoma Economic Development District and have issued our report thereon dated November 2, 2012. 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

Management of the Central Oklahoma Economic Development District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the internal control over financial reporting of the Central Oklahoma Economic Development District as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Oklahoma Economic Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Central Oklahoma Economic Development District'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Central Oklahoma Economic Development District are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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, others within the organization, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
November 2, 2012

BECKY FLEMING, C.P.A., INC.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Directors
The Central Oklahoma Economic Development District
Shawnee, OK

Compliance

We have audited the Central Oklahoma Economic Development District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Central Oklahoma Economic Development District's major federal programs for the year ended June 30, 2012. The Central Oklahoma Economic Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of the Central Oklahoma Economic Development District. Our responsibility is to express an opinion on the Central Oklahoma Economic Development District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the compliance of the Central Oklahoma Economic Development District with those requirements and performing such other procedures we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Central Oklahoma Economic Development District's compliance with those requirements.

In our opinion, the Central Oklahoma Economic Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Central Oklahoma Economic Development District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Central Oklahoma Economic Development District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Central Oklahoma Economic Development District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, others within the organization, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Becky Fleming, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
November 2, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

1. A summary of the auditor's results:

- (i) The Central Oklahoma Economic Development District received an unqualified opinion on its financial statements.
- (ii) N/A
- (iii) The audit did not disclose any material noncompliance.
- (iv) N/A
- (v) The Central Oklahoma Economic Development District received an unqualified opinion on compliance for major programs.
- (vi) The audit did not disclose any findings that the auditor is required to report under OMB Circular A-133, sub-part E, section 510(a).

(vii) Major programs:

93.044 Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers
93.045 Special Programs for the Aging - Title III, Part C, Nutrition Services
93.053 Nutrition Services Incentive Program

- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (ix) The Central Oklahoma Economic Development District did qualify as a low-risk auditee.

2. The Central Oklahoma Economic Development District had no findings relating to the financial statements which are required to be reported in accordance with GAGAS.

3. Findings and questioned costs for Federal awards:

- (i) Audit findings - None.
- (ii) Audit findings which relate to both the financial statements and Federal awards - None.

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012**

	Rural Fire Protection	Sub-State Planning District	Medicare-D Medicare Program (MIPPA)	Money Follows the Person	Living Longer Stronger	Non-Major Fund Totals	Memo Only 2011 Non-Major Totals	
ASSETS								
Grants receivable	3,958	4,456	3,000	0	2,757	6,149	20,320	21,821
Due from other funds	1,137	0	0	0	0	0	1,137	2,677
Total Assets	5,095	4,456	3,000	0	2,757	6,149	21,457	24,498
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	0	0	0	0	0	0	0	0
Accrued payroll liabilities	5,095	466	144	0	144	0	5,849	4,376
Deferred revenue	0	0	0	0	0	6,034	6,034	6,335
Due to other funds	0	3,990	2,856	0	2,613	115	9,574	4,239
Total Liabilities	5,095	4,456	3,000	0	2,757	6,149	21,457	14,950
FUND BALANCES								
Restricted	0	0	0	0	0	0	0	9,548
TOTAL LIABILITIES AND FUND BALANCE	5,095	4,456	3,000	0	2,757	6,149	21,457	24,498

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Memo Only							
	Rural Fire Protection	Sub-State Planning District	Medicare-D	Living Longer Stronger	Medicare Improvements for Patients and Providers	Money Follows the Person	Non-Major Fund Totals	2011 Non-Major Totals
Revenues								
Federal grants	0	0	9,600	13,987	8,085	1,476	33,148	28,142
State grants	70,000	36,364	0	0	0	0	106,364	106,363
Service fees and other revenues	4,400	0	0	0	0	0	4,400	3,200
Total Revenues	74,400	36,364	9,600	13,987	8,085	1,476	143,912	137,705
Expenditures								
Personnel	54,936	20,467	6,561	1,462	5,026	0	88,452	89,012
Employee benefits	18,559	7,987	1,096	542	512	0	28,696	24,431
Travel	9,448	0	0	0	1,037	1,476	11,961	7,645
Printing	0	0	0	0	0	0	0	1
Supplies	148	0	0	0	0	0	148	0
Postage and freight	0	0	0	0	0	0	0	70
Rent	1,368	1,320	0	0	0	0	2,688	2,688
Allocated indirect expense	17,923	6,590	1,943	521	1,635	0	28,612	38,155
Pass-through grants	0	0	0	11,474	0	0	11,474	12,640
Total Expenditures	102,382	36,364	9,600	13,999	8,210	1,476	172,031	174,642
Revenues Over (Under) Expenditures	(27,982)	0	0	(12)	(125)	0	(28,119)	(36,937)
OTHER FINANCING SOURCES (USES)								
Transfers-in (out)	27,982	(9,548)	0	12	125	0	18,571	46,485
TOTAL OTHER FINANCING SOURCES (USES)	27,982	(9,548)	0	12	125	0	18,571	46,485
NET CHANGE IN FUND BALANCE	0	(9,548)	0	0	0	0	(9,548)	9,548
BEGINNING FUND BALANCE	0	9,548	0	0	0	0	9,548	0
ENDING FUND BALANCE	0	0	0	0	0	0	0	9,548

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(Accrual Basis)**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	DEFERRED REVENUE 06/30/11	REVENUES	EXPENSES	DEFERRED REVENUE 06/30/12	IRP LOAN PAYABLE	EDA RLF
U.S. Department of Health and Human Services								
<i>Oklahoma Department of Human Services</i>								
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	34076005	0	289,795	289,795	0		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	34076005	0	534,941	534,941	0		
Nutrition Services Incentive Program	93.053	34076005	0	341,118	341,118	0		
Total Aging Cluster (Major Program)			0	1,165,854	1,165,854	0		
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.043	34076005	0	8,826	8,826	0		
National Family Caregiver Support Program - Title III, Part E	93.052	34076005	0	12,373	12,373	0		
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	34076005	0	4,329	4,329	0		
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	90MP0082/01	0	3,000	3,000	0		
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	11-004060	0	13,987	13,987	0		
Total Special Programs for the Aging			0	16,987	16,987	0		
Medicare Enrollment Assistance Program	93.071	10025683	0	6,306	6,306	0		
CMS Research	93.779	10025683	0	1,779	1,779	0		
CMS Research	93.779	1NOCMS020203-19-00	0	6,600	6,600	0		
Total CMS Research			0	8,379	8,379	0		
Money Follows the Person Demonstration	93.791	11022764	6,191	1,476	1,476	6,034		
Total U.S. Department of Health and Human Services			6,191	1,224,530	1,224,530	6,034		
U.S. Department of Agriculture								
Intermediary Relending Program	10.767		0	0	0	0	779,101	
Total U.S. Department of Agriculture			0	0	0	0	779,101	0
U.S. Department of Commerce								
Economic Development Administration	11.302	08-83-04678	149,280	63,032	63,032	86,248		
Economic Adjustment Assistance - Revolving Loan Fund ***	11.307		0	0	0	0		785,522
			149,280	63,032	63,032	86,248	0	785,522
TOTAL FEDERAL AWARDS			155,471	1,287,562	1,287,562	92,282	779,101	785,522

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(Accrual Basis)**

STATE GRANTOR/ PROGRAM TITLE	PASS-THROUGH GRANTOR'S NUMBER	DEFERRED REVENUE 06/30/11	REVENUES	EXPENSES	DEFERRED REVENUE 06/30/12
Oklahoma Department of Health and Human Services					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	34076005	0	122,068	122,068	0
Special Programs for the Aging - Title III, Part C - Nutrition Services	34076005	0	925,336	925,336	0
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	34076005	0	1,557	1,557	0
Nation Family Caregiver Support Program - Title III, Part E	34076005	0	4,124	4,124	0
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation		0	733	733	0
Total Oklahoma Department of Human Services		0	1,053,818	1,053,818	0
Oklahoma Department of Agriculture					
Rural Fire Defense	409015586	0	70,000	70,000	0
Oklahoma Department of Commerce					
Substate Planning Districts	14761 SS 12	0	36,364	36,364	0
State Appropriated Funds for Community Expansion of Nutrition Assistance	14695 CENA 12	0	223,990	223,990	0
Rural Economic Action Plan	14771 REAP 12	0	431,592	431,592	753,093
	14449 REAP 11 PT	728,357	626,918	626,918	70,000
	13883REAP10PT	11,790	0	0	11,790
Rural Economic Action Plan interest added back to program	Interest	116,436	721	0	117,157
Total Rural Economic Action Plan		856,583	1,059,231	1,058,510	952,040
Total Oklahoma Department of Commerce		856,583	1,319,585	1,318,864	952,040
TOTAL STATE AWARDS		856,583	2,443,403	2,442,682	952,040

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the federal grant activity of the Central Oklahoma Economic Development District. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 – Loans Outstanding

The Central Oklahoma Economic Development District had the following loan balance outstanding at June 30, 2012:

Program Title	CFDA#	Amount Outstanding
Intermediary Relending Program	10.767	779,101

Note 3 – Subrecipients

Program Title	CFDA#	Subrecipient Amount
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	239,478
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	476,828
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.043	8,826
Nutrition Services Incentive Program	93.053	341,118
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	11,474
Total passed-through to subrecipients		<u>1,077,724</u>

Note 4 – EDA Revolving Loan Fund

The amount to be included in the schedule of federal awards as required by the United States Department of Commerce is computed as follows:

Balance of outstanding loans receivable	463,099
Cash balance available	571,819
Administrative costs	12,445
Unpaid principal written off during year	0
Total RLF expenditures	<u>1,047,363</u>
Federal share at 75%	<u>785,522</u>