
THE CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Oklahoma Economic Development District's basic financial statements. 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2015, on our consideration of the Central Oklahoma Economic Development District's internal control over financial reporting 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Oklahoma Economic Development District's internal control over financial reporting and compliance.



C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
September 3, 2015

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	Governmental Activities	Business-Type Activities	2015 Total
ASSETS			
Current Assets			
Cash and investments	920,528	1,450,919	2,371,447
Cash and investments - restricted	1,233,857	0	1,233,857
Grants receivable	182,474	0	182,474
Accounts receivable	29,041	0	29,041
Notes receivable, current portion	1,416	149,236	150,652
Total current assets	2,367,316	1,600,155	3,967,471
Noncurrent Assets			
Accrued interest	0	15,884	15,884
Notes receivable, less current portion	62,702	987,020	1,049,722
Depreciable property and equipment	215,442	0	215,442
Accumulated depreciation	(108,239)	0	(108,239)
Net property and equipment	107,203	0	107,203
Total noncurrent assets	169,905	1,002,904	1,172,809
TOTAL ASSETS	2,537,221	2,603,059	5,140,280
LIABILITIES			
Current Liabilities			
Accounts payable	1,053	0	1,053
Accrued payroll liabilities	48,278	0	48,278
911 fee payable	83,469	0	83,469
Unearned revenues	47,882	0	47,882
Pass-through payable	1,183,045	0	1,183,045
Accrued interest payable	0	493	493
Current portion of long-term debt	0	57,577	57,577
Total current liabilities	1,363,727	58,070	1,421,797
Noncurrent Liabilities			
Long-term debt, less current portion	0	552,190	552,190
TOTAL LIABILITIES	1,363,727	610,260	1,973,987
NET POSITION			
Net investment in capital assets	107,203	0	107,203
Restricted for:			
REAP grants	29,948	0	29,948
Loan programs	0	1,992,799	1,992,799
Unrestricted	1,036,343	0	1,036,343
TOTAL NET POSITION	1,173,494	1,992,799	3,166,293

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015

	Major Governmental Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Area Agency on Aging		
ASSETS				
Cash and investments	920,528	0	0	920,528
Cash and investments - restricted	1,228,619	5,238	0	1,233,857
Grants receivable	0	149,042	33,432	182,474
Accounts receivable	29,041	0	0	29,041
Due from other funds	47,731	0	4,742	52,473
TOTAL ASSETS	2,225,919	154,280	38,174	2,418,373
LIABILITIES				
Accounts payable	1,053	0	0	1,053
Accrued payroll liabilities	24,021	13,032	11,225	48,278
911 fee payable	83,469	0	0	83,469
Unearned revenue	39,437	5,238	3,207	47,882
Pass-through payable	1,075,766	107,279	0	1,183,045
Due to other funds	0	28,731	23,742	52,473
TOTAL LIABILITIES	1,223,746	154,280	38,174	1,416,200
FUND BALANCES				
Restricted				
REAP	29,948	0	0	29,948
Unrestricted				
Unassigned	972,225	0	0	972,225
TOTAL FUND BALANCES	1,002,173	0	0	1,002,173
TOTAL LIABILITIES AND FUND BALANCES	2,225,919	154,280	38,174	2,418,373

Reconciliation of total fund balance to total net assets:	Total fund balance	1,002,173
	Note receivable	64,118
	Capital assets	215,442
	Accumulated depreciation	(108,239)
	Total net assets	1,173,494

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Major Governmental Funds		Non-major	Total
	General Fund	Area Agency on Aging	Governmental Funds	Governmental Funds
Revenues				
Federal grants	0	943,638	148,132	1,091,770
State grants	1,402,919	1,027,615	118,155	2,548,689
Interest income	5,510	0	0	5,510
Service fees	199,975	4,950	5,500	210,425
Local assessments	107,404	0	0	107,404
Total Revenues	1,715,808	1,976,203	271,787	3,963,798
Expenditures				
General operations	280,441	0	0	280,441
REAP	1,131,479	0	0	1,131,479
CENA	206,594	0	0	206,594
Area Agency on Aging	0	1,994,224	0	1,994,224
Economic development	0	0	56,767	56,767
Rural fire	0	0	103,984	103,984
Sub-state planning	0	0	34,322	34,322
Medicare Improvements for Patients & Providers	0	0	6,396	6,396
Caregiver	0	0	113,371	113,371
Money Follows the Person	0	0	2,461	2,461
Capital assets	88,326	0	0	88,326
Total Expenditures	1,706,840	1,994,224	317,301	4,018,365
Revenues Over (Under) Expenditures	8,968	(18,021)	(45,514)	(54,567)
OTHER FINANCING SOURCES (USES)				
Required match transfers	0	13,752	17,030	30,782
Transfers-in (out)	(51,193)	4,269	28,484	(18,440)
TOTAL OTHER FINANCING SOURCES (USES)	(51,193)	18,021	45,514	12,342
NET CHANGE IN FUND BALANCE	(42,225)	0	0	(42,225)
BEGINNING FUND BALANCE	1,044,398	0	0	1,044,398
ENDING FUND BALANCE	1,002,173	0	0	1,002,173

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

Net change in fund balance	(42,225)
Capital asset purchases capitalized	88,326
Principal payments	(1,347)
Depreciation expense	(8,794)
Change in net assets	35,960

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2015

	EDA Revolving Loan Fund	Rural Development IRP	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and investments	590,291	860,628	1,450,919
Notes receivable, current portion	72,808	76,428	149,236
Total current assets	663,099	937,056	1,600,155
Noncurrent Assets			
Interest receivable	0	15,884	15,884
Notes receivable, less current portion	409,899	577,121	987,020
Total non-current assets	409,899	593,005	1,002,904
TOTAL ASSETS	1,072,998	1,530,061	2,603,059
LIABILITIES			
Current Liabilities			
Accrued interest	0	493	493
Current portion of long-term debt	0	57,577	57,577
Total current liabilities	0	58,070	58,070
Noncurrent liabilities			
Long-term debt, less current portion	0	552,190	552,190
TOTA LIABILITIES	0	610,260	610,260
NET POSITION	1,072,998	919,801	1,992,799

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	EDA Revolving Loan Fund	Rural Development IRP	Total Proprietary Funds
OPERATING REVENUES			
Interest income	25,601	37,095	62,696
Fees and charges	0	4,503	4,503
TOTAL OPERATING REVENUES	25,601	41,598	67,199
OPERATING EXPENSES			
Filing and other fees	0	0	0
Interest expense	0	6,631	6,631
TOTAL OPERATING EXPENSES	0	6,631	6,631
OPERATING INCOME	25,601	34,967	60,568
TRANSFERS (OUT)	(12,342)	0	(12,342)
NET INCOME	13,259	34,967	48,226
BEGINNING NET POSITION	1,059,739	884,834	1,944,573
ENDING NET POSITION	1,072,998	919,801	1,992,799

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	EDA Revolving Loan Fund	Rural Development IRP	Total Proprietary Funds
Cash flows from operating activities:			
Principal payments received from borrowers	69,462	72,377	141,839
Interest from loans, deposits, and CD's	25,601	33,568	59,169
Other operating payments	1,875	0	1,875
Principal payments	0	(57,007)	(57,007)
Interest payments	0	(6,668)	(6,668)
Net cash flows from operating activities	96,938	42,270	139,208
Cash flows from non-capital financing activities:			
Transfers to other funds	(12,194)	0	(12,194)
Net increase (decrease) in cash	84,744	42,270	127,014
Beginning Cash	505,547	818,358	1,323,905
Ending Cash	590,291	860,628	1,450,919
Reconciliation of Operating Income to Net Cash Used by Operating Activities:			
Net income from operations	25,601	34,967	60,568
(Increase) decrease in notes receivable	69,462	72,340	141,802
(Increase) decrease in interest receivable	0	(8,030)	(8,030)
(Increase) decrease in due from other funds	1,875	0	1,875
Increase (decrease) in notes payable	0	(57,007)	(57,007)
Net Cash Used by Operating Activities	96,938	42,270	139,208

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

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.

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 seven counties of 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.

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 Position 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

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

grants. Business-type activities are financed by economic development loans and 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 position, financial position, and cash flows. Operating income results from services provided in 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 Relending 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:

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

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 intermediary relending 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, mapping services, technical assistance for economic development, and administration of 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 and provides information and referral services to seniors age 60 and over; ombudsmen services; and Medicare assistance programs.

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

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.

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

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 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 assets is provided on the straight-line basis over 3 to 10 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.

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

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 unearned 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. Indirect charges above a contractual amount for the EDA program are carried over to the subsequent year's allowance.

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	0
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	760,628

Sweep accounts of \$2,758,143 are not insured or collateralized, but are invested in the same types of investments discussed above.

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

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, 2015, is summarized as follows:

Governmental activities	Beginning			Ending
	Balance	Additions	Deletions	Balance
Furniture and equipment	128,866	88,326	(1,750)	215,442
Accumulated depreciation	(101,194)	(8,795)	1,750	(108,239)
Net governmental assets	<u>27,672</u>	<u>79,531</u>	<u>0</u>	<u>107,203</u>

Depreciation expense was charged to functions as follows:

Governmental activities

General fund	7,313
Area Agency on Aging	<u>1,481</u>
Total governmental depreciation	<u>8,794</u>

5. Defined Contribution Pension Plan

Plan Description – The District contributes to a defined contribution pension plan administered by Axa Equitable. 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 \$362,053. Participating employees must contribute a minimum of 3%, and may contribute up to 25%. For the year just ended, contributions were \$32,585 and \$30,575 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.

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

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	<u>Beginning</u>			<u>Ending</u>	<u>Due in</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Economic development notes	666,774	0	(57,007)	609,767	57,577

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

	<u>Economic Development</u>	
	<u>Principal</u>	<u>Interest</u>
2016	57,577	6,098
2017	58,153	5,522
2018	58,735	4,940
2019	59,322	4,353
2020	59,915	3,760
2021-2025	266,095	9,692
2026-2028	49,970	875
Total	<u>609,767</u>	<u>35,240</u>

Debt outstanding at June 30, 2015, consists of two notes originally issued for \$1,455,000 to establish the intermediary relending program. 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. Operating leases do not give rise to property rights and are not capitalized in the statement of net position. Rental expenses for the year were \$16,800. The building lease includes a provision for COEDD to spend a minimum of \$100,000 on leasehold improvements during 2014 and 2015 in return for annual renewals of \$12,000 for the next 10 years. During 2014, leasehold improvements of \$26,717 were capitalized, with the balance of \$73,283 spent during 2015.

The Central Oklahoma Economic Development District

Notes to the Basic Financial Statements

As of and for the Year Ended June 30, 2015

Future minimum rental payments are as follows:

	Copier	Building	Total
2016	4,800	12,000	16,800
2017	3,200	12,000	15,200
2018	0	12,000	12,000
2019	0	12,000	12,000
2020	0	12,000	12,000
2021-2024	0	48,000	48,000
	<u>8,000</u>	<u>108,000</u>	<u>116,000</u>

9. Inter-fund Balances

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

	Governmental Funds			Total
	GF	AAA	Non-major	Governmental
Operations	47,731	(28,731)	(19,000)	0

Inter-fund transfers for the year were as follows:

	Governmental Funds			Proprietary	Total Transfers
	GF	AAA	Non-major	RLF	
Matching	(30,782)	13,752	17,030	0	0
Operations	(20,411)	4,269	28,484	(12,342)	0
Total	<u>(51,193)</u>	<u>18,021</u>	<u>45,514</u>	<u>(12,342)</u>	<u>0</u>

10. Subsequent Events

Management performed an evaluation of the District's activity through September 3, 2015, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through that date.

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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, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the Central Oklahoma Economic Development District's basic financial statements, and have issued our report thereon dated September 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Central Oklahoma Economic Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Central Oklahoma Economic Development District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that

we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Central Oklahoma Economic Development District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



, C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
September 3, 2015

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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

Report on Compliance for Each Major Federal Program

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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Central Oklahoma Economic Development District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Central Oklahoma Economic Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Central Oklahoma Economic Development District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Central Oklahoma Economic Development District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Central Oklahoma Economic Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Central Oklahoma Economic Development District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
September 3, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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 program: Aging Cluster
 - 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, 2015

	EDA	Rural Fire Protection	Sub-State Planning District	MIPPA	Caregiver	Money Follows the Person	Non-Major Fund Totals
ASSETS							
Grants receivable	597	7,917	0	6,396	16,670	1,852	33,432
Due from other funds	4,742	0	0	0	0	0	4,742
Total Assets	5,339	7,917	0	6,396	16,670	1,852	38,174
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accrued payroll liabilities	2,132	7,270	0	250	1,573	0	11,225
Unearned revenues	3,207	0	0	0	0	0	3,207
Due to other funds	0	647	0	6,146	15,097	1,852	23,742
Total Liabilities	5,339	7,917	0	6,396	16,670	1,852	38,174
FUND BALANCES							
Restricted	0	0	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCE	5,339	7,917	0	6,396	16,670	1,852	38,174

CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	EDA	Rural Fire Protection	Sub-State Planning District	Medicare Improvements for Patients & Providers	Caregiver	Money Follows the Person	Non-Major Fund Totals
Revenues							
Federal grants	39,737	0	0	6,396	99,538	2,461	148,132
State grants	0	70,000	34,322	0	13,833	0	118,155
Service fees and other revenues	0	5,500	0	0	0	0	5,500
Total Revenues	39,737	75,500	34,322	6,396	113,371	2,461	271,787
Expenditures							
Personnel	34,167	56,040	20,000	3,472	29,663	0	143,342
Employee benefits	1,475	19,309	5,917	1,020	13,541	0	41,262
Travel	3,802	6,529	0	0	2,209	2,461	15,001
Printing	0	0	0	0	97	0	97
Supplies	21	887	0	0	299	0	1,207
Publications and dues	776	0	0	0	203	0	979
Postage and freight	0	0	0	0	99	0	99
Rent	1,140	1,368	1,320	0	0	0	3,828
Allocated indirect expense	15,386	19,851	7,085	1,904	10,508	0	54,734
Client services	0	0	0	0	56,752	0	56,752
Total Expenditures	56,767	103,984	34,322	6,396	113,371	2,461	317,301
Revenues Over (Under) Expenditures	(17,030)	(28,484)	0	0	0	0	(45,514)
OTHER FINANCING SOURCES (USES)							
Required match transfers	17,030	0	0	0	0	0	17,030
Transfers-in (out)	0	28,484	0	0	0	0	28,484
TOTAL OTHER FINANCING SOURCES (USES)	17,030	28,484	0	0	0	0	45,514
NET CHANGE IN FUND BALANCE	0	0	0	0	0	0	0
BEGINNING FUND BALANCE	0	0	0	0	0	0	0
ENDING FUND BALANCE	0	0	0	0	0	0	0

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(Accrual Basis)**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	DEFERRED REVENUE 06/30/14	REVENUES	EXPENSES	DEFERRED REVENUE 06/30/15	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	2,150	199,334	199,334	0		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	34076005	0	485,613	485,613	0		
Nutrition Services Incentive Program	93.053	34076005	0	229,240	229,240	0		
Total Aging Cluster *			2,150	914,187	914,187	0		
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.043	34076005	0	13,121	13,121	0		
National Family Caregiver Support Program - Title III, Part E	93.052	34076005	0	111,816	111,816	0		
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	34076005	0	4,052	4,052	0		
Medicare Enrollment Assistance Program	93.071	10025683	0	6,396	6,396	0		
Money Follows the Person Rebalancing Demonstration	93.791	11022764	0	2,461	2,461	0		
Total U.S. Department of Health and Human Services			2,150	1,052,033	1,052,033	0		
U.S. Department of Agriculture								
Intermediary Relending Program	10.767		0	0	0	0	609,767	
Total U.S. Department of Agriculture			0	0	0	0	609,767	
U.S. Department of Commerce								
Economic Development Administration	11.302	08-83-04938	159,139	39,737	39,737	119,403		
Total Economic Development Administration			159,139	39,737	39,737	119,403		
Economic Adjustment Assistance - Revolving Loan Fund	11.307		0	0	0	0		814,005
Total U.S. Department of Commerce			159,139	39,737	39,737	119,403	0	814,005
TOTAL FEDERAL AWARDS			161,289	1,091,770	1,091,770	119,403	609,767	814,005

* Major program

**CENTRAL OKLAHOMA ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(Accrual Basis)**

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH GRANTOR'S NUMBER	DEFERRED REVENUE		DEFERRED REVENUE	
		06/30/14	REVENUES	EXPENSES	06/30/15
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	94,953	94,953	0
Special Programs for the Aging - Title III, Part C - Nutrition Services	34076005	0	925,329	925,329	0
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	34076005	0	2,316	2,316	0
Nation Family Caregiver Support Program - Title III, Part E	34076005	0	18,136	18,136	0
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation		0	715	715	0
Total Oklahoma Department of Human Services		0	1,041,449	1,041,449	0
Oklahoma Department of Agriculture Oklahoma Association of Regional Councils					
Rural Fire Defense		0	70,000	70,000	0
Oklahoma Department of Commerce					
Substate Planning Districts	066303 SS 15	0	34,322	34,322	0
State Appropriated Funds for Community Expansion of Nutrition Assistance	16012 CENA 15	0	217,016	217,016	0
Rural Economic Action Plan	16153 REAP 15	0	287,941	287,941	849,233
	15714 REAP 14	923,766	649,348	649,348	110,461
	15282 REAP 13	249,414	248,614	248,614	800
Rural Economic Action Plan interest added back to program	Interest	29,145	803	0	29,948
Total Rural Economic Action Plan		1,202,325	1,186,706	1,185,903	990,442
Total Oklahoma Department of Commerce		1,202,325	1,438,044	1,437,241	990,442
TOTAL STATE AWARDS		1,202,325	2,549,493	2,548,690	990,442

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, 2015:

Intermediary Relending Program 10.767 609,767

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	145,399
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	430,584
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.043	13,121
National Family Caregiver Support Program - Title III, Part E	93.052	99,538
Nutrition Services Incentive Program	93.053	229,240
Total passed-through to subrecipients		917,882

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	482,707
Cash balance available	590,291
Administrative costs	12,342
Unpaid principal written off during year	0
Total RLF expenditures	1,085,340
Federal share at 75%	814,005