

Eastern Oklahoma Development District

**Financial Statements
with Independent Auditors' Report**

June 30, 2017 and 2016

Eastern Oklahoma Development District
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Independent Auditors' Report

Board of Directors
Eastern Oklahoma Development District
Muskogee, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Eastern Oklahoma Development District, Oklahoma, as of and for the years ended June 30, 2017 and 2016, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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.

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Eastern Oklahoma Development District, Oklahoma, as of June 30, 2017 and 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the EODD's basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not required as part of the basic financial statements. The combining statements and the schedule of expenditures of federal 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 statements and the schedule of expenditures of federal 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 27, 2017 on our consideration of the Eastern Oklahoma 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 Eastern Oklahoma Development District's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
September 27, 2017



Eastern Oklahoma Development District

Management's Discussion and Analysis

For the Year Ended June 30, 2017 and 2016

This section of Eastern Oklahoma Development District's (the District's) financial statements presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2017 and 2016. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, it should be read in conjunction with the District's basic financial statements and footnotes. The overview of the financial statements and financial analysis is presented for fiscal year 2017, with fiscal years 2016 and 2015.

Financial Analysis of the District as a Whole

The basic financial statements of the District are the Government Wide Statement of Net Position and Statement of Activities. The Statement of Financial Net Position presents the financial position of the District at June 30, 2017 and 2016. The Statement of Activities summarizes the District's financial results by activity for the years ended June 30, 2017 and 2016. The Fund financial statements show the balance sheets and the changes in fund balance for the individual major funds of the District and the total of the non-major funds.

The District's building trust is reported as the business-type activities and is included in a separate column within the Government Wide Financial Statements. The 911 funds the District collects and distributes are reported as Fiduciary Funds and is not included in the Government Wide Financial Statements.

The following schedules are prepared from the District's basic financial statements. With the exception of the Statement of Cash Flows, the statements are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred and assets are capitalized and depreciated.

Statement of Net Position

This statement is presented with three major categories, namely assets, liabilities, and net position. The assets include cash and cash equivalents, short-term investments, accounts receivable, and investment in capital assets. Capital assets include land, buildings and improvements, equipment, and furniture. Capital assets are shown net of depreciation.

Liabilities include accounts payable, accrued expenses, deferred revenue. The Due to Other Fund represents funds borrowed by the Special Revenue Fund grants from the General Fund in order to pay grant expenses. Once the expenses are paid, the Special Revenue Fund requests reimbursement from the grant and repays the General Fund upon receipt.

Total assets of the District increased to \$3,361,801 in FY 2017 from \$3,150,360 in FY 2016. Total assets of the District decreased to \$3,150,360 in FY 2016 from \$3,344,147 in FY 2015.

**Eastern Oklahoma Development District
Management's Discussion and Analysis
For the Year Ended June 30, 2017 and 2016**

Statement of Net Position (Continued)

Following is a comparison of the summarized financial position, net position, and capital assets of the District at June 30, 2017, 2016, and 2015:

	<u>2017</u> <i>(000's)</i>	<u>2016</u> <i>(000's)</i>	<u>2015</u> <i>(000's)</i>
Assets			
Cash	\$ 2560	\$ 2402	\$ 2314
Accounts Receivable	517	449	639
Due from Other Fund	144	154	240
Capital Assets, Net	141	145	151
Total Assets	<u>3,362</u>	<u>3,150</u>	<u>3,344</u>
Liabilities			
Accounts Payable	627	279	470
Due to Other Fund	145	154	240
Deferred Revenue	1682	1767	1,719
Total Liabilities	<u>2,454</u>	<u>2,200</u>	<u>2,429</u>
Net Position			
Investment in Capital Assets	141	145	151
Unrestricted	767	805	764
Total Net Position	<u>\$ 908</u>	<u>\$ 950</u>	<u>\$ 915</u>

Revenues includes Federal and state grants that are renewable each year. These revenues decreased by \$48,000 in 2017, decreased by \$62,000 in 2016, and decreased by \$341,000 in 2015. Local grants remained consistent over the past 3 years. Other revenues of the District remained consistent over the past 3 years.

The District's operating expenses are classified by natural classification, including pass-through grants, employee compensation, fringe benefits, contractual services, etc. In FY 2017, operating expenses decreased by \$35,409, in FY2016 decreased by \$238,000. All other operating expense experienced slight decreases. In FY 2015, operating expenses decreased by \$58,000. All other operating expense experienced slight decreases. All other operating expenses remained consistent with the previous year.

**Eastern Oklahoma Development District
Management's Discussion and Analysis
For the Year Ended June 30, 2017 and 2016**

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Following is a comparison of operating results for the years ended June 30, 2017, 2016, and 2015:

**Operating Results for the Years Ended June 30
Governmental Activities
(in thousands)**

	2017 <i>(000's)</i>	2016 <i>(000's)</i>	2015 <i>(000's)</i>
Operating Revenues			
Federal Grants	\$ 1,666	\$ 1,673	\$ 1,718
State Grants	2,854	2,895	2,789
Local Grants	157	214	408
Other	9	9	10
	<hr/>	<hr/>	<hr/>
Total	4,686	4,791	4,925
	<hr/>	<hr/>	<hr/>
Operating Expenses			
Pass-through Grants	3,714	3,589	3,759
Wages	431	430	472
Contract labor	195	202	163
Fringe Benefits	115	147	145
Indirect Costs	133	183	205
Other	116	189	234
	<hr/>	<hr/>	<hr/>
Total	4,704	4,740	4,978
	<hr/>	<hr/>	<hr/>
Increase in Net Assets	(18)	51	(53)
Fund Balance at Beginning of Year	814	763	816
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$796	\$ 814	\$ 763
	<hr/>	<hr/>	<hr/>

**Eastern Oklahoma Development District
Management's Discussion and Analysis
For the Year Ended June 30, 2017 and 2016**

Statement of Cash Flows

This statement applies to only the business-type activities which consist of the building trust. The statement is used to determine the Trust's ability to meet its obligations and to determine if external financing is needed. It is presented using the direct method with four major classifications: operating activities, financing activities, and investing activities.

Following is a comparison of cash flows for the years ended June 30, 2017, 2016, and 2015:

Cash Flows for the Years Ended June 30			
(in thousands)			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash Provided (Used) by			
Operating Activities	\$(16,079)	\$ (8,374)	\$ 4,491
Financing Activities	-	-	-
Investing Activities	<u>(4,113)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash	(20,192)	(8,374)	4,491
Cash at beginning of Year	<u>41,207</u>	<u>49,581</u>	<u>45,090</u>
Cash at End of Year	<u>\$21,015</u>	<u>\$ 41,207</u>	<u>\$ 49,581</u>

Conclusion

The inability of the Oklahoma Legislature to pass a balanced budget and the proposed \$1.81 million reduction in the Department of Human Services for FY2018 will most likely have a negative impact on the Senior services that the Eastern Oklahoma Development District (EODD) provides. The District continues to look for ways to improve operating efficiencies and locate new revenues. Through comprehensive planning, program prioritization, prudent budgeting and tough decision making, the District is positioned to continue its commitment to changing lives throughout eastern Oklahoma.

Eastern Oklahoma Development District
Statements of Net Position
June 30, 2017

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	2,538,461	21,015	2,559,476
Accounts receivable	516,492	—	516,492
Prepaid expenses	227	—	227
Due from other funds	144,248	—	144,248
Capital assets, net	—	<u>141,358</u>	<u>141,358</u>
Total Assets	<u>\$3,199,428</u>	<u>\$ 162,373</u>	<u>\$3,361,801</u>
Liabilities			
Accounts payable	627,401	—	627,401
Due to other funds	94,248	50,000	144,248
Deferred revenue	<u>1,682,168</u>	—	<u>1,682,168</u>
Total Liabilities	<u>2,403,817</u>	<u>50,000</u>	<u>2,453,817</u>
Net Position			
Net Investment in			
Capital Assets	—	141,358	141,358
Unrestricted	<u>795,611</u>	<u>(28,985)</u>	<u>766,626</u>
Net Position, End of Year	<u>\$ 795,611</u>	<u>\$ 112,373</u>	<u>\$ 907,984</u>

Eastern Oklahoma Development District
Statement of Activities
June 30, 2017

<u>Function/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government							
Government activities:							
General government	\$ 69,238	\$ 89,509	\$ (40,335)	\$ —	\$ (20,064)	\$ —	\$ (20,064)
Aging Services	2,740,872	—	2,740,872	—	—	—	—
Rural Economic Action Plan	1,225,715	—	1,217,936	—	(7,779)	—	(7,779)
Economic development	388,056	66,923	321,133	—	—	—	—
Community development	280,689	—	280,689	—	—	—	—
Total Government Activities	<u>4,704,570</u>	<u>156,432</u>	<u>4,520,295</u>	<u>—</u>	<u>(27,843)</u>	<u>—</u>	<u>(27,843)</u>
Business-type activities:							
Building Trust	35,944	12,000	—	—	—	(23,944)	(23,944)
Total Business-type activities:	<u>35,944</u>	<u>12,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(23,944)</u>	<u>(23,944)</u>
Total Primary Government Activities	\$ 4,740,514	\$ 168,432	\$ 4,520,295	\$ —	\$ (27,843)	\$ (23,944)	\$ (51,787)
General revenues:							
Interest Income					\$ 9,465	\$ 134	\$ 9,599
Change in Net Assets					(18,378)	(23,810)	(42,188)
Net Assets – beginning of year					813,989	136,183	950,172
Net Assets – ending of year					\$ 795,611	\$ 112,373	\$ 907,984

Eastern Oklahoma Development District
Statements of Net Position
June 30, 2016

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	2,361,036	41,207	2,402,243
Accounts receivable	448,995	—	448,995
Prepaid expenses	227	—	227
Due from other funds	153,919	—	153,919
Capital assets, net	—	144,976	144,976
Total Assets	<u>\$2,964,177</u>	<u>\$ 186,183</u>	<u>\$3,150,360</u>
Liabilities			
Accounts payable	279,293	—	279,293
Due to other funds	103,919	50,000	153,919
Deferred revenue	<u>1,766,976</u>	—	<u>1,766,976</u>
Total Liabilities	<u>2,150,188</u>	<u>50,000</u>	<u>2,200,188</u>
Net Position			
Net Investment in Capital Assets	—	144,976	144,976
Unrestricted	<u>813,989</u>	<u>(8,793)</u>	<u>805,196</u>
Net Position, End of Year	<u>\$ 813,989</u>	<u>\$ 136,183</u>	<u>\$ 950,172</u>

Eastern Oklahoma Development District
Statement of Activities
June 30, 2016

<u>Function/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government							
Government activities:							
General government	\$ 21,922	\$ 112,905	\$ (72,377)	\$ —	\$ 18,606	\$ —	\$ 18,606
Aging Services	2,826,002	—	2,826,252	—	250	—	250
Rural Economic Action Plan	1,063,076	—	1,063,400	—	324	—	324
Economic development	511,437	100,690	432,789	—	22,042	—	22,042
Community development	317,576	—	317,696	—	120	—	120
Total Government Activities	<u>4,740,013</u>	<u>213,595</u>	<u>4,567,760</u>	<u>—</u>	<u>41,342</u>	<u>—</u>	<u>41,342</u>
Business-type activities:							
Building Trust	<u>26,726</u>	<u>12,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,726)</u>	<u>(14,726)</u>
Total Business-type activities	<u>26,726</u>	<u>12,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,726)</u>	<u>(14,726)</u>
Total Primary Government Activities	<u>\$ 4,766,739</u>	<u>\$ 225,595</u>	<u>\$ 4,567,760</u>	<u>\$ —</u>	<u>\$ 41,342</u>	<u>\$ (14,726)</u>	<u>\$ 26,616</u>
General revenues:							
Interest Income					\$ 9,238	\$ 229	\$ 9,467
Change in Net Assets					50,580	(14,497)	36,083
Net Assets – beginning of year					<u>763,409</u>	<u>150,680</u>	<u>914,089</u>
Net Assets – ending of year					<u>\$ 813,989</u>	<u>\$ 136,183</u>	<u>\$ 950,172</u>

Eastern Oklahoma Development District
Governmental Funds Balance Sheet
June 30, 2017

	<u>General Fund</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	670,330	148,488	1,578,614	141,029	2,538,461
Accounts receivable	—	278,283	85,208	153,001	516,492
Prepaid expense	227	—	—	—	227
Due from Other Fund	<u>144,248</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>144,248</u>
Total Assets	<u>\$ 814,805</u>	<u>\$ 426,771</u>	<u>\$1,663,822</u>	<u>\$ 294,030</u>	<u>\$3,199,428</u>
Liabilities					
Accounts payable	27,568	405,953	154,191	39,689	627,401
Due to other fund	—	17,963	—	76,285	94,248
Deferred revenue	<u>—</u>	<u>2,605</u>	<u>1,501,627</u>	<u>177,936</u>	<u>1,682,168</u>
Total Liabilities	<u>27,568</u>	<u>426,521</u>	<u>1,655,818</u>	<u>293,910</u>	<u>2,403,817</u>
Fund Balance					
Unassigned	<u>787,237</u>	<u>250</u>	<u>8,004</u>	<u>120</u>	<u>795,611</u>
Total Fund Balance	<u>787,237</u>	<u>250</u>	<u>8,004</u>	<u>120</u>	<u>795,611</u>
Total Liabilities and Fund Balance	<u>\$ 814,805</u>	<u>\$ 426,771</u>	<u>\$1,663,822</u>	<u>\$ 294,030</u>	<u>\$ 3,199,428</u>

Eastern Oklahoma Development District
Governmental Funds Statement of Revenues, Expenditures
And Changes in Fund Balance
Year Ended June 30, 2017

	<u>General Fund</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues, Gains, and Other Support					
Federal grants	\$ —	\$ 1,580,954	\$ —	\$ 85,339	\$ 1,666,293
State grants and appropriations	—	1,127,733	1,217,936	508,333	2,854,002
Local charges and services	—	—	—	66,923	66,923
Members due and assessments	89,509	—	—	—	89,509
Investment income	1,686	—	7,779	—	9,465
Match revenue	(40,335)	32,185	—	8,150	—
Total Revenues	<u>50,860</u>	<u>2,740,872</u>	<u>1,225,715</u>	<u>668,745</u>	<u>4,686,192</u>
Expenses					
General Government					
Salaries	30,052	262,246	11,625	127,369	431,292
Contract labor	3,612	12,659	19,193	159,338	194,802
Fringe benefits	—	79,409	2,513	33,081	115,003
Indirect costs	—	53,803	3,533	75,626	132,962
Travel	—	32,096	601	10,063	42,760
Other expenses	35,574	25,621	37	9,494	70,726
Respite	—	2,646	—	—	2,646
Pass-through grants	—	2,272,392	1,188,213	253,774	3,714,379
Total Expenses	<u>69,238</u>	<u>2,740,872</u>	<u>1,225,715</u>	<u>668,745</u>	<u>4,704,570</u>
Net Change in Fund Balances	(18,378)	—	—	—	(18,378)
Fund Balance, Beginning of Year	<u>805,615</u>	<u>250</u>	<u>8,004</u>	<u>120</u>	<u>813,989</u>
Fund Balances, End of Year	<u>\$ 787,237</u>	<u>\$ 250</u>	<u>\$ 8,004</u>	<u>\$ 120</u>	<u>\$ 795,611</u>

**Eastern Oklahoma Development District
 Reconciliation of Governmental Funds and
 Government-wide Financial Statements
 Years Ended June 30, 2017**

**Reconciliation of the Government Funds Balance
 Sheet to the Statement of Net Assets**

Total fund balances – governmental funds	\$ 795,611
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Amounts reported for governmental activities in the
 Statement of Net Assets are different because:

Capital assets used in governmental activities are not
 financial resources and, therefore, are not
 reported in the funds, net of accumulated
 depreciation of \$65,749.

Net assets of governmental activities	\$ <u>795,611</u>
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**Reconciliation of the Statement of Revenues,
 Expenditures and Changes in fund Balance of
 Governmental funds to the Statement of Activities**

Net change in fund balance – governmental funds	\$ (18,378)
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Amounts reported for governmental activities in the
 Statement of Activities are different because:

Governmental funds report capital outlays and issue
 costs as expenditures, while governmental
 Activities report depreciation and amortization
 expense to allocate those expenditures over the
 life of the assets:

Depreciation expense	<u>—</u>
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Change in Net Assets – governmental activities	\$ <u>(18,378)</u>
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Eastern Oklahoma Development District
Governmental Funds Balance Sheet
June 30, 2016

	<u>General Fund</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	684,842	—	1,625,930	50,264	2,361,036
Accounts receivable	—	277,277	81,727	89,991	448,995
Prepaid expense	227	—	—	—	227
Due from Other Fund	153,919	—	—	—	153,919
Total Assets	<u>\$ 838,988</u>	<u>\$ 277,277</u>	<u>\$ 1,707,657</u>	<u>\$ 140,255</u>	<u>\$ 2,964,177</u>
Liabilities					
Accounts payable	33,373	217,923	—	27,997	279,293
Due to other fund	—	56,499	—	47,420	103,919
Deferred revenue	—	2,605	1,699,653	64,718	1,766,976
Total Liabilities	<u>33,373</u>	<u>277,027</u>	<u>1,699,653</u>	<u>140,135</u>	<u>2,150,188</u>
Fund Balance					
Unassigned	805,615	250	8,004	120	813,989
Total Fund Balance	<u>805,615</u>	<u>250</u>	<u>8,004</u>	<u>120</u>	<u>813,989</u>
Total Liabilities and Fund Balance	<u>\$ 838,988</u>	<u>\$ 277,277</u>	<u>\$ 1,707,657</u>	<u>\$ 140,225</u>	<u>\$ 2,964,177</u>

**Eastern Oklahoma Development District
Reconciliation of Governmental Funds and
Government-wide Financial Statements
Years Ended June 30, 2016**

	<u>General Fund</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues, Gains, and Other Support					
Federal grants	\$ —	\$ 1,590,754	\$ —	\$ 82,009	\$ 1,672,763
State grants and appropriations	—	1,206,110	1,063,400	625,487	2,894,997
Local charges and services	—	—	—	100,690	100,690
Members due and assessments	112,905	—	—	—	112,905
Investment income	1,558	—	7,680	—	9,238
Match revenue	<u>(72,377)</u>	<u>29,388</u>	<u>—</u>	<u>42,989</u>	<u>—</u>
Total Revenues	<u>42,086</u>	<u>2,826,252</u>	<u>1,071,080</u>	<u>851,175</u>	<u>4,790,593</u>
Expenses					
General Government					
Salaries	5,581	275,321	—	148,869	429,771
Contract labor	—	14,725	—	187,750	202,475
Fringe benefits	—	100,604	—	45,903	146,507
Indirect costs	—	77,407	—	105,848	183,255
Travel	619	36,263	—	21,426	58,308
Other expenses	15,688	31,861	54,425	25,051	127,025
Respite	—	3,475	—	—	3,475
Pass-through grants	—	<u>2,286,346</u>	<u>1,008,651</u>	<u>294,166</u>	<u>3,589,163</u>
Total Expenses	<u>21,888</u>	<u>2,826,002</u>	<u>1,063,076</u>	<u>829,013</u>	<u>4,739,979</u>
Net Change in Fund Balances	20,198	250	8,004	22,162	50,614
Fund Balance, Beginning of Year	<u>785,417</u>	<u>—</u>	<u>—</u>	<u>(22,042)</u>	<u>763,375</u>
Fund Balances, End of Year	<u>\$ 805,615</u>	<u>\$ 250</u>	<u>\$ 8,004</u>	<u>\$ 120</u>	<u>\$ 813,989</u>

**Eastern Oklahoma Development District
Reconciliation of Governmental Funds and
Government-wide Financial Statements
Years Ended June 30, 2016**

**Reconciliation of the Government Funds Balance
Sheet to the Statement of Net Assets**

Total fund balances – governmental funds	\$ 813,989
------------------------------------------	------------

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$65,749.

Net Position of governmental activities	\$ <u>813,989</u>
-----------------------------------------	-------------------

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in fund Balance of
Governmental funds to the Statement of Activities**

Net change in fund balance – governmental funds	\$ 50,614
-------------------------------------------------	-----------

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

Governmental funds report capital outlays and issue costs as expenditures, while governmental Activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Depreciation expense	<u>(34)</u>
----------------------	-------------

Change in Net Position – governmental activities	\$ <u>50,580</u>
--------------------------------------------------	------------------

Eastern Oklahoma Development District
Statements of Net Position
Proprietary Funds
June 30, 2017 and 2016

	2017	2016
Assets		
Cash	\$ 21,015	\$ 41,207
Capital assets, net	<u>141,358</u>	<u>144,976</u>
Total Assets	<u>162,373</u>	<u>186,183</u>
Liabilities		
Due to other funds	<u>50,000</u>	<u>50,000</u>
Total Liabilities	<u>50,000</u>	<u>50,000</u>
Net Position		
Net investment in capital assets	141,358	144,976
Unrestricted	<u>(28,985)</u>	<u>(8,793)</u>
Total Net Position	<u><u>\$ 112,373</u></u>	<u><u>\$ 136,183</u></u>

Eastern Oklahoma Development District
Statements of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Rent income	\$ 12,000	\$ 12,000
Interest income	<u>134</u>	<u>229</u>
Total Operating Revenues	<u>12,134</u>	<u>12,229</u>
Operating Expenses		
Depreciation	7,731	6,123
Other expense	<u>28,213</u>	<u>20,603</u>
Total Operating Expenses	<u>35,944</u>	<u>26,726</u>
Changes in Net Position	(23,810)	(14,497)
Net Position, Beginning of Year	<u>136,183</u>	<u>150,680</u>
Net Position, End of Year	<u>\$ 112,373</u>	<u>\$ 136,183</u>

Eastern Oklahoma Development District
Statements of Cash Flows
Proprietary Funds
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Activities		
Receipts rent	\$ 12,000	\$ 12,000
Receipts of interest	134	229
Payments to vendors	<u>(28,213)</u>	<u>(20,603)</u>
Net Cash Used in Operating Activities	<u>(16,079)</u>	<u>(8,374)</u>
 Investing Activities		
Purchase of fixed assets	<u>(4,113)</u>	<u>—</u>
Net Cash Used in Investing Activities	<u>(4,113)</u>	<u>—</u>
In(De)crease in Cash and Cash Equivalents	(20,192)	(8,374)
Cash and Cash Equivalents, Beginning of Year	<u>41,207</u>	<u>49,581</u>
Cash and Cash Equivalents, End of Year	\$ <u>21,015</u>	\$ <u>41,207</u>
 Reconciliation of Operating Income to Net Cash from operating activities		
Operating Loss	\$ (23,810)	\$ (14,497)
Items not requiring cash		
Depreciation	<u>7,731</u>	<u>6,123</u>
Net Cash Used In Operating Activity	\$ <u>(16,079)</u>	\$ <u>(8,374)</u>

Eastern Oklahoma Development District
Statements of Net Position
Fiduciary Funds
June 30, 2017 and 2016

	2017	2016
Assets		
Cash	\$ 2,273	\$ 1,563
Accounts Receivable	—	81,165
Total Assets	—	82,728
Liabilities		
Accounts Payable	419	81,526
Deferred Revenue	652	—
Total Liabilities	1,071	81,526
Total Liabilities	\$ 1,202	\$ 1,202

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

Eastern Oklahoma Development District (the Organization) is a local governmental unit covering the Oklahoma counties of Adair, Cherokee, McIntosh, Muskogee, Okmulgee, Sequoyah, and Wagoner. The District was formed on May 4, 1971 under the Oklahoma Inter-local Cooperation Act 74 O.S. The primary purpose of the Organization is to improve governments through planning, management and administration.

The financial statements of the Organization are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Organization is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements. Its operations are considered proprietary in nature, and therefore, the Organization has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The accounts of the Organization are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. The following funds are used by the Trust Eastern Oklahoma Development District:

General Fund – The General Fund is the primary operating fund of the Trust Eastern Oklahoma Development District. It is used to account for all financial resources except those required to be accounted for in the Special Revenue Funds. The general revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally, contractually, or administratively restricted to expenditures for specific purposes. Specific purpose grant funds are accounted for as Special Revenue Funds. The Special Revenue Funds are operated on a contract basis.

Discretely Presented Component Unit

Eastern Oklahoma Development District, a Trust Eastern Oklahoma Development District (the Building Trust Eastern Oklahoma Development District) is a trust, which was created to own the building used to house the operations of the Organization. The Organization rents the building on a monthly basis from the Building Trust Eastern Oklahoma Development District. The Building Trust Eastern Oklahoma Development District was formed on October 27, 1994 and purchased the facilities at 1012 N. 38th Street, Muskogee, Oklahoma on June 9, 1995.

The Building Trust Eastern Oklahoma Development District is considered a component unit of the Organization and is, therefore, reported within the Organization's combined financial statements. It is reported in a separate column to emphasize it is a legally separate entity.

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. Basis of accounting is related to the timing of the measurement made regardless of the measurement focus applied. The General Fund and Special Revenue Funds use a financial resources measurement focus and are accounted for by the accrual basis of accounting. Revenue is recognized when earned, expenditures are recognized when the related fund liability is incurred, if measurable.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of \$2,559,476 and \$2,402,243 as of June 30, 2017 and 2016, respectively, were invested with a major local financial institution in a sweep repo account, which invests in treasury obligations.

Deposits and Investments

In accordance with state law, all uninsured deposits in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain state of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Organization must have a written collateral agreement approved by the Board of Directors or loan committee. As reflected in *Note 2*, all deposits were fully insured or collateralized.

Investments

Investments consist of marketable debt and equity securities and certificates of deposit with original maturities of more than three months. Investments are carried at fair market value based on the quoted market prices of the underlying securities.

Land, Building, and Equipment

Fixed assets are recorded at historical cost. Depreciation and accumulated depreciation are recorded for assets purchased with general or special revenue funds that are recorded for \$300 or more. Depreciation on fixed assets is computed on the following estimated useful lives of the assets:

Buildings	20 years
Furniture	10 years
Computer equipment	5 years
Office equipment	5 – 10 years

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Annual Budget

The Organization is not required to have a legally binding budget, though they use an annual budget as a management tool. The Organization's primary source of funding is from federal, state, and local grants which have varying grant periods that may or may not coincide with the Organization's fiscal year. The annual budget is subject to constant change within the fiscal year due to increase or decrease in actual grant awards from amounts estimated, changes in grant periods, unanticipated grant awards from amounts estimated, unanticipated grant awards not included in the budget, and estimated grant awards that fail to materialize.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments and grants receivable. The Organization places its cash and certificates of deposit with high quality financial institutions. The Organization's management believes that the credit risk is adequately provided for to which it is exposed.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through September 27, 2017, which is the date the financial statements were issued.

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 2: Cash and Investments

Deposits with banks and financial institutions are carried at cash value. The table presented below is designed to disclose the level of custody credit risk assumed by the Organization based upon how its deposits were insured or secured with collateral at June 30, 2017 and 2016. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized by securities held by the Organization or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the Organization’s name.

Category 3 – Deposits which are not collateralized or insured.

A summary of the deposits at June 30, 2017 consisted of the following:

Type of Deposits	June 30, 2017				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
<i>Demand Deposits</i>					
Eastern Oklahoma Development District	\$ 2,568,811	\$ 500,000	\$ 2,068,811	\$ —	\$ 2,538,461
Building Trust Eastern Oklahoma Development Dist.	<u>21,034</u>	<u>21,034</u>	<u>—</u>	<u>—</u>	<u>\$ 21,015</u>
Total Deposits	<u>\$ 2,589,845</u>	<u>\$ 521,034</u>	<u>\$ 2,068,811</u>	<u>\$ —</u>	<u>\$ 2,559,476</u>

A summary of the deposits at June 30, 2016 consisted of the following:

Type of Deposits	June 30, 2016				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
<i>Demand Deposits</i>					
Eastern Oklahoma Development District	\$ 2,402,078	\$ 500,000	\$ 1,902,078	\$ —	2,361,036
Building Trust Eastern Oklahoma Development Dist.	<u>41,207</u>	<u>41,207</u>	<u>—</u>	<u>—</u>	<u>\$ 41,207</u>
Total Deposits	<u>\$ 2,443,285</u>	<u>\$ 541,207</u>	<u>\$ 1,902,078</u>	<u>\$ —</u>	<u>\$ 2,402,243</u>

Note 3: Accounts Receivable

Accounts receivable, consisting of advances to subgrantees and local project service contracts, are carried at cost. The Organization did not recognize any allowance for uncollectible amounts at June 30, 2017 or 2016.

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 4: Amounts Due Between Funds

Cash receipts from federal and state grants to the Special Revenue Funds are deposited to the General Fund cash account. Differences between actual receipts and actual disbursements of the Special Revenue Funds are carried as amounts due to and due from the General Fund.

Interfund balances at June 30, 2017 were as follows:

	Amount
Due to Special Revenue Funds from General Funds	\$ 94,248
Due to General Funds from Special Revenue Funds	(94,248)
Due to General Funds from Building Trust Eastern Oklahoma Development District	50,000
Due to Building Trust Eastern Oklahoma Development District from General Funds	\$ (50,000)

Interfund balances at June 30, 2016 were as follows:

	Amount
Due to Special Revenue Funds from General Funds	\$ 189,672
Due to General Funds from Special Revenue Funds	(189,672)
Due to General Funds from Building Trust Eastern Oklahoma Development District	50,000
Due to Building Trust Eastern Oklahoma Development District from General Funds	\$ (50,000)

Note 5: Fixed Assets

A summary of changes in fixed assets for the year ended June 30, 2017, is as follows:

	Balance		Balance
	June 30, 2016	Additions	June 30, 2017
<u>General Fund</u>			
Building Improvements	\$ 1,900	\$ —	\$ 1,900
Furniture and equipment	<u>23,815</u>	<u>—</u>	<u>23,815</u>
Total Historical Cost	<u>25,715</u>	<u>—</u>	<u>25,715</u>
Building Improvements	(1,900)	—	(1,900)
Furniture and equipment	<u>(23,815)</u>	<u>—</u>	<u>(23,815)</u>
Total Accumulated Depreciation	<u>(25,715)</u>	<u>—</u>	<u>(25,715)</u>
Grand Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 5: Fixed Assets (Continued)

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
<u>Special Revenue Fund</u>				
Building	\$ —	\$ —	\$ —	\$ —
Furniture and equipment	40,033	—	—	40,033
Total Historical Cost	<u>40,033</u>	<u>—</u>	<u>—</u>	<u>40,033</u>
Building	—	—	—	—
Furniture and equipment	(40,033)	—	—	(40,033)
Total Accumulated Depreciation	<u>(40,033)</u>	<u>—</u>	<u>—</u>	<u>(40,033)</u>
Grand Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

A summary of changes in fixed assets for the year ended June 30, 2016, is as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
<u>General Fund</u>				
Building Improvements	\$ 1,900	\$ —	\$ —	\$ 1,900
Furniture and equipment	23,815	—	—	23,815
Total Historical Cost	<u>25,715</u>	<u>—</u>	<u>—</u>	<u>25,715</u>
Building Improvements	(1,900)	—	—	(1,900)
Furniture and equipment	(23,815)	—	—	(23,815)
Total Accumulated Depreciation	<u>(25,715)</u>	<u>—</u>	<u>—</u>	<u>(25,715)</u>
Grand Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>Special Revenue Fund</u>				
Building	\$ —	\$ —	\$ —	\$ —
Furniture and equipment	40,033	—	—	40,033
Total Historical Cost	<u>40,033</u>	<u>—</u>	<u>—</u>	<u>40,033</u>
Building	—	—	—	—
Furniture and equipment	(40,033)	—	—	(40,033)
Total Accumulated Depreciation	<u>(40,033)</u>	<u>—</u>	<u>—</u>	<u>(40,033)</u>
Grand Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2017 and 2016

Note 6: Retirement Plan

The Organization has a defined contribution 401(k) pension plan covering substantially all of its employees. The Organization makes matching contributions equal to the employee's contribution not to exceed 5% of the employees' gross wages. The contribution during 2017 and 2016 was \$22,458 and \$22,004, respectively.

Note 7: Related Party Transactions

The Organization leases space from the Building Trust Eastern Oklahoma Development District on a month to month basis. Lease expense for the fiscal year ending June 30, 2017 and 2016, was \$12,000 and \$12,000, respectively.

Note 8: Economic Dependency

The Organization receives a significant portion of its revenue from funds provided through federal and state grants. The grant amounts are appropriated each year at the federal and/or state level. The amount of the funds the Organization receives could be reduced significantly, which would have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next year.

Note 9: Commitments and Contingent Liabilities

In the normal course of operations, the Organization participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Organization has no such requests pending, and in the opinion of management, any such amounts would not be considered material.

Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2017

	EDA	SHIP	MIPPA	Living Choices	State Approp	CIP	CENA
Assets							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 66,231	\$ —
Accounts receivable	35,000	—	3,785	1,100	1,515	—	71,548
Due from other fund	—	—	—	—	—	—	—
Capital Assets, net	—	—	—	—	—	—	—
Total Assets	<u>35,000</u>	<u>—</u>	<u>3,785</u>	<u>1,100</u>	<u>1,515</u>	<u>66,231</u>	<u>71,548</u>
Liabilities							
Accounts payable	—	—	—	—	—	—	36,761
Due to other fund	25,557	—	3,561	980	1,515	—	34,787
Deferred Revenue	9,443	—	224	—	—	66,231	—
Total Liabilities	<u>35,000</u>	<u>—</u>	<u>3,785</u>	<u>980</u>	<u>1,515</u>	<u>66,231</u>	<u>71,548</u>
Net Assets							
Unrestricted							
Undesignated	—	—	—	—	—	—	—
Board designated	—	—	—	120	—	—	—
Invested in capital assets	—	—	—	—	—	—	—
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2017

	Masonic	Rural Fire	CDBG	Hazard Mitigation	Case Mgmt	Total Other Government Funds
Assets						
Cash and cash equivalents	\$ 53,305	\$ —	\$ 21,493	\$ —	\$ —	\$ 141,029
Accounts receivable	—	6,580	23,030	—	10,443	153,001
Due from other fund	—	—	—	—	—	—
Capital Assets, net	—	—	—	—	—	—
Total Assets	<u>53,305</u>	<u>6,580</u>	<u>44,523</u>	<u>—</u>	<u>10,443</u>	<u>294,030</u>
Liabilities						
Accounts payable	—	—	—	—	2,928	39,689
Due to other fund	—	6,580	—	—	3,305	76,285
Deferred Revenue	<u>53,305</u>	<u>—</u>	<u>44,523</u>	<u>—</u>	<u>4,210</u>	<u>177,936</u>
Total Liabilities	<u>53,305</u>	<u>6,580</u>	<u>44,523</u>	<u>—</u>	<u>10,443</u>	<u>293,910</u>
Net Assets						
Unrestricted						
Undesignated	—	—	—	—	—	—
Board designated	—	—	—	—	—	120
Invested in capital assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>

Eastern Oklahoma Development District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	EDA	SHIP	MIPPA	Living Choices	State Approp	CIP	CENA
Revenues							
Federal grants	\$ 80,000	\$ 2,079	\$ 3,260	\$ —	\$ —	\$ —	\$ —
State grants and appropriations	—	—	—	—	18,182	38,506	232,737
Local charges and services	—	—	—	—	—	—	—
Members' dues and assessments	—	—	—	—	—	—	—
Investment income	—	—	—	—	—	—	—
Match revenue	3,673	1,434	2,673	—	(18,182)	—	—
Total revenue	<u>83,673</u>	<u>3,513</u>	<u>5,933</u>	<u>—</u>	<u>—</u>	<u>38,506</u>	<u>232,737</u>
Expenditures							
Salaries	57,116	—	5,267	—	—	20,790	7,341
Contract labor	—	—	—	—	—	—	—
Fringe benefits	13,079	1,540	—	—	—	6,645	1,866
Indirect costs	9,383	2	—	—	—	8,414	1,333
Travel	217	1,940	625	—	—	890	280
Other expenses	3,878	31	41	—	—	1,767	817
Respite	—	—	—	—	—	—	—
Pass-through grants	—	—	—	—	—	—	221,100
Total Expenditures	<u>83,673</u>	<u>3,513</u>	<u>5,933</u>	<u>—</u>	<u>—</u>	<u>38,506</u>	<u>232,737</u>
Net Assets	—	—	—	—	—	—	—
Fund Balance, Beginning of Year	—	—	—	120	—	—	—
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Eastern Oklahoma Development District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Masonic	Rural Fire	CDBG	Hazard Mitigation	Case Mgmt	Total Other Government Funds
Revenues						
Federal grants	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 85,339
State grants and appropriations	33,580	—	—	—	185,328	508,333
Local charges and services	—	59,451	7,472	—	—	66,923
Members' dues and assessments	—	—	—	—	—	—
Investment income	—	—	—	—	—	—
Match revenue	—	1,630	—	—	16,922	8,150
Total revenue	<u>33,580</u>	<u>61,081</u>	<u>7,472</u>	<u>—</u>	<u>202,250</u>	<u>668,745</u>
Expenditures						
Salaries	—	35,759	—	—	1,096	127,369
Contract labor	—	—	—	—	159,338	159,338
Fringe benefits	—	9,017	11	—	923	33,081
Indirect costs	—	10,167	6,659	—	39,668	75,626
Travel	—	5,569	343	—	199	10,063
Other expenses	906	569	459	—	1,026	9,494
Respite	—	—	—	—	—	—
Pass-through grants	32,674	—	—	—	—	253,774
Total Expenditures	<u>33,580</u>	<u>61,081</u>	<u>7,472</u>	<u>—</u>	<u>202,250</u>	<u>668,745</u>
Net Assets	—	—	—	—	—	—
Fund Balance, Beginning of Year	—	—	—	—	—	120
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>

Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2016

	EDA	SHIP	MIPPA	Living Choices	State Approp	CIP	CENA
Assets							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30,737	\$ —
Accounts receivable	15,000	—	4,227	1,400	1,794	—	54,837
Due from other fund	—	—	—	—	—	—	—
Capital Assets, net	—	—	—	—	—	—	—
Total Assets	<u>15,000</u>	<u>—</u>	<u>4,227</u>	<u>1,400</u>	<u>1,794</u>	<u>30,737</u>	<u>54,837</u>
Liabilities							
Accounts payable	—	—	—	—	—	—	27,451
Due to other fund	5,557	—	4,003	1,280	1,794	—	27,386
Deferred Revenue	9,443	—	224	—	—	30,737	—
Total Liabilities	<u>15,000</u>	<u>—</u>	<u>4,227</u>	<u>1,280</u>	<u>1,794</u>	<u>30,737</u>	<u>54,837</u>
Net Assets							
Unrestricted							
Undesignated	—	—	—	—	—	—	—
Board designated	—	—	—	120	—	—	—
Invested in capital assets	—	—	—	—	—	—	—
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2016

	Masonic	Rural Fire	CDBG	Hazard Mitigation	Case Mgmt	Total Other Government Funds
Assets						
Cash and cash equivalents	\$ 12,783	\$ —	\$ 546	\$ —	\$ 6,198	\$ 50,264
Accounts receivable	—	7,400	—	—	5,333	89,991
Due from other fund	—	—	—	—	—	—
Capital Assets, net	—	—	—	—	—	—
Total Assets	<u>12,783</u>	<u>7,400</u>	<u>546</u>	<u>—</u>	<u>11,531</u>	<u>140,255</u>
Liabilities						
Accounts payable	—	—	546	—	—	27,997
Due to other fund	—	7,400	—	—	—	47,420
Deferred Revenue	12,783	—	—	—	11,531	64,718
Total Liabilities	<u>12,783</u>	<u>7,400</u>	<u>546</u>	<u>—</u>	<u>11,531</u>	<u>140,135</u>
Net Assets						
Unrestricted						
Undesignated	—	—	—	—	—	—
Board designated	—	—	—	—	—	120
Invested in capital assets	—	—	—	—	—	—
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>

Eastern Oklahoma Development District
Combining Statements of Revenue, Expenses and Fund Balances
Nonmajor Governmental Funds
June 30, 2016

	EDA	SHIP	MIPPA	Living Choices	State Approp	CIP	CENA
Revenues							
Federal grants	\$ 60,000	\$ 10,940	\$ 9,424	\$ 1,645	\$ —	\$ —	\$ —
State grants and appropriations	—	—	—	—	23,551	69,323	224,073
Local charges and services	—	—	—	—	—	—	—
Members' dues and assessments	—	—	—	—	—	—	—
Investment income	—	—	—	—	—	—	—
Match revenue	28,172	2,291	—	—	(23,551)	—	—
Total revenue	<u>88,172</u>	<u>13,231</u>	<u>9,424</u>	<u>1,645</u>	<u>—</u>	<u>69,323</u>	<u>224,073</u>
Expenditures							
Salaries	37,138	7,251	7,139	—	—	37,675	7,528
Contract labor	—	—	—	1,400	—	—	—
Fringe benefits	9,943	2,730	—	5	—	12,017	2,528
Indirect costs	11,628	—	—	—	—	13,395	1,695
Travel	1,133	1,738	1,932	120	—	3,119	29
Other expenses	4,034	1,512	353	—	—	3,117	267
Respite	—	—	—	—	—	—	—
Pass-through grants	—	—	—	—	—	—	212,026
Total Expenditures	<u>63,876</u>	<u>13,231</u>	<u>9,424</u>	<u>1,525</u>	<u>—</u>	<u>69,323</u>	<u>224,073</u>
Net Assets	24,296	—	—	120	—	—	—
Fund Balance, Beginning of Year	<u>(24,296)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Eastern Oklahoma Development District
Combining Statements of Revenue, Expenses and Fund Balances
Nonmajor Governmental Funds
June 30, 2016

	Masonic	Rural Fire	CDBG	Hazard Mitigation	Case Mgmt	Total Other Government Funds
Revenues						
Federal grants	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 82,009
State grants and appropriations	90,705	—	—	—	217,835	625,487
Local charges and services	—	69,485	31,205	—	—	100,690
Members' dues and assessments	—	—	—	—	—	—
Investment income	—	—	—	—	—	—
Match revenue	—	11,142	11,524	13,411	—	42,989
Total revenue	<u>90,705</u>	<u>80,627</u>	<u>42,729</u>	<u>13,411</u>	<u>217,835</u>	<u>851,175</u>
Expenditures						
Salaries	—	42,938	—	6,978	2,222	148,869
Contract labor	—	—	28,207	—	158,143	187,750
Fringe benefits	—	14,222	166	2,866	1,426	45,903
Indirect costs	—	15,584	9,916	3,489	50,141	105,848
Travel	—	7,318	4,263	—	1,774	21,426
Other expenses	8,565	565	177	78	6,383	25,051
Respite	—	—	—	—	—	—
Pass-through grants	82,140	—	—	—	—	294,166
Total Expenditures	<u>90,705</u>	<u>80,627</u>	<u>42,729</u>	<u>13,411</u>	<u>220,089</u>	<u>829,013</u>
Net Assets	—	—	—	—	(2,254)	22,162
Fund Balance, Beginning of Year	—	—	—	—	2,254	(22,042)
Total Net Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>



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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Directors
Eastern Oklahoma Development District
Muskogee, Oklahoma

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 Eastern Oklahoma Development District (EODD), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise EODD's basic financial statements, and have issued our report thereon dated September 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Oklahoma 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 Eastern Oklahoma Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Oklahoma 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 EODD'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.

Hick & Company, PC

Tulsa, Oklahoma
September 27, 2017



Eastern Oklahoma Development District
Schedule of Expenditures of Federal Awards
June 30, 2017

<u>Federal Grantor/ Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Health and Human Services				
<i>Pass-Through the Oklahoma Department of Human Services</i>		56652		
Special Programs for the Aging				
Title VII	93.041		6,137	
Title III, Part D Preventive Health	93.043		12,834	12,834
Title III, Part B Grants for Supportive Services & Senior Centers	93.044		418,954	282,074
Title III, Part C-1 Nutrition Services	93.045		513,773	467,585
Title III, Part C-2 Nutrition Services	93.045		251,377	232,233
Title III, Part E Care Giver Support	93.052		155,793	144,702
Nutrition Services Incentive Program	93.053		<u>222,086</u>	<u>222,086</u>
Total Aging Cluster			1,580,954	<u>1,361,514</u>
Money Follows the Person (MFP)	93.791			
<i>Pass-Through the Department of Oklahoma Insurance</i>				
		72713		
Senior Health Insurance Program (SHIP)	93.324		2,079	
Senior Medicare Patrol (SMP)	93.048		—	
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071		<u>3,260</u>	
Total U.S. Department of Health and Human Services			1,586,293	
U.S. Department of Commerce				
Economic Development Planning Assistance	11.301		<u>80,000</u>	
			<u>\$ 1,666,293</u>	<u>\$ 1,361,514</u>

Eastern Oklahoma Development District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2017

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Eastern Oklahoma Development District for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carl Albert State College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Eastern Oklahoma Development District.

Note B: Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. The College has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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Report on Compliance for Each Major Federal Program: Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Eastern Oklahoma Development District
Muskogee, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Eastern Oklahoma Development District compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a material effect on each of the Eastern Oklahoma Development District's major federal award programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 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 District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Eastern Oklahoma 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, 2017.

Report on Internal Control Over Compliance

Management of the Eastern Oklahoma 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 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 the Uniform Guidance, 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 Eastern Oklahoma 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 considered 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the EODD as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the EODD's basic financial statements. We issued our report thereon dated September 27, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hickel & Company, PC

Tulsa, Oklahoma
September 27, 2017



Eastern Oklahoma Development District Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Summary of Auditors' Results

1. The opinion expressed in the independent accountants' report was:
 Unmodified Qualified Adverse Disclaimed
2. The independent accountants' report on internal control over financial reporting described:
 Significant deficiencies? Yes None Reported
 Material weaknesses? Yes No
3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No
4. The independent accountants' report on internal control over compliance for major federal awards programs described:
 Significant deficiencies? Yes None Reported
 Material weakness? Yes No
5. The opinion expressed in the independent accountants' report for major federal awards was:
 Unmodified Qualified Adverse Disclaimed
6. The audit disclosed findings required to be reported by Uniform Guidance? Yes No
7. The District's major program was:

<u>Cluster/Program</u>	<u>CFDA Number</u>
Special Programs for the Aging – Title VII	93.041
Special Programs for the Aging – Title III, Part D	93.043
Special Programs for the Aging – Title III, Part B	93.044
Special Programs for the Aging – Title III, Part C	93.045
Special Programs for the Aging – Title III, Part E	93.052

**Eastern Oklahoma Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Summary of Auditors' Results (Continued)

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
9. The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance. Yes No

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reported in Accordance with the Uniform Guidance

No matters are reportable.

**Eastern Oklahoma Development District
Summary Schedule of Prior Audit Findings
June 30, 2017**

Findings Required to be Reported in Accordance with the Uniform Guidance

No matters are reportable.