

Chandler Community Development Trust Authority
Chandler, Oklahoma

Financial Statements
For the Year Ended June 30, 2012

(With Independent Auditors' Report Thereon)

Audited By

Bill Ford

Certified Public Accountant

Chandler Community Development Trust Authority
Chandler, Oklahoma
For the Year ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Chandler Community Development Trust Authority
Chandler, Oklahoma

I have audited the accompanying financial statements of the business-type activities of Chandler Community Development Trust Authority (a component unit of the City of Chandler), Chandler, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise Chandler Community Development Trust Authority, Chandler, Oklahoma's basic financial statements as listed on the table of contents. These financial statements are the responsibility of the Chandler Community Development Trust Authority, Chandler, Oklahoma's, management. My responsibility is to express my opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Chandler Community Development Trust Authority, Chandler, Oklahoma, as of June 30, 2012, and the changes in financial position and cash flows thereof for the years ended, in conformity with accounting principles generally accepted in the United States of America.

Management has omitted management's decision and analysis and budgetary comparison information 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 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. My opinion on the basic financial statements is not affected by the missing information.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 14, 2013, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered for assessing the results of my audit.

A handwritten signature in black ink, appearing to read "Bill Ford".

Bill Ford, C.P.A.

February 14, 2013

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY
CHANDLER, OKLAHOMA
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current assets:

Cash and cash equivalents	\$ 48,613
Inventories	<u>8,499</u>
Total current assets	<u>57,112</u>

Non-Current assets:

Capital assets	
Capital assets, net of accumulated depreciation	<u>\$1,247,610</u>
Total non-current assets	<u>1,247,610</u>

Total Assets	<u>\$1,304,722</u>
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LIABILITIES

Current liabilities:

Sales tax payable	\$ 522
Payroll tax payable	<u>796</u>
Total current liabilities	<u>\$ 1,318</u>

NET ASSETS

Invested in capital assets, net of related debt	1,247,610
Unassigned	<u>55,794</u>
Total net assets	<u>\$1,303,404</u>

See accompanying notes to financial statements

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY
CHANDLER, OKLAHOMA
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Operating Revenues

Charges for services:

Gift store sales	\$ 19,218
Admission fees	10,799
Donations	32,703
Rental/Event income	21,149
Grant	24,000
Other	<u>30</u>
Total operating revenue	<u>\$ 107,899</u>

Operating Expenses

Advertising & promotions	\$ 7,843
Contributions	750
Cost of sales	10,817
Dues & subscriptions	223
Event expense	264
Facilities expense	9,502
Fundraiser	2,524
Insurance	2,440
Professional	2,000
Office expense	5,973
Other expenses	163
Payroll tax	1,886
Postage	392
Repair and maintenance	2,368
Supplies	1,576
Telephone	1,382
Utilities	2,048
Wages	23,162
Depreciation	<u>49,687</u>
Total operating expenses	<u>125,000</u>
Operating income (loss)	<u>(17,101)</u>

Total net assets, beginning	<u>1,320,505</u>
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Total net assets, ending	<u>\$1,303,404</u>
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See accompany notes to the financial statements

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY
CHANDLER, OKLAHOMA
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 107,899
Cash paid to suppliers and employees	<u>(77,963)</u>
Net cash provided (used) by operating activities	<u>29,936</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of capital assets	<u>(9,700)</u>
 Net increase (decrease) in cash and cash equivalents	20,236
 Cash and cash equivalents, beginning	<u>28,377</u>
 Cash and cash equivalents, ending	<u>\$ 48,613</u>
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u> <u>(Need) By Operating Activities:</u>	
Operating income (loss)	\$ (17,101)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	49,687
Changes in assets:	
(Increase) decrease in inventories	(2,705)
Increase (decrease) in payroll tax payable	(189)
Increase (decrease) in sales tax payable	<u>244</u>
 Net cash provided (used) by operating activities	<u>\$ 29,936</u>

See accompanying notes to financial statements

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. ORGANIZATION

The Chandler Community Development Trust Authority (the "Authority") is a public trust created November 6, 2001, under provisions of Title 60, Oklahoma Statutes. The Declaration of Trust named the City of Chandler, Oklahoma, as the beneficiary of the trust. The purpose of the trust is to renovate, repair, and manage the old National Guard Armory in Chandler, Oklahoma. Further purposes of the Authority are set forth in the Declaration of Trust. The specific purpose of the Authority is to build a Route 66 Interpretive Center in the old National Guard Armory. On May 19, 2007, the Route 66 Interpretive Center was opened.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements for the year ended June 30, 2011, are as follows:

Government-Wide and Fund Financial Statements - The Authority is a special purpose governmental entity engaged only in business type activities. The Authority prepares financial statements required for enterprise funds.

Measurement Focus and Basis of Accounting - Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

In the financial statements business-like activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery),

financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Fund equity is classified as net assets.

Basis of Accounting:

In the financial statements, business-like activities are presented using an accrual basis of accounting. This basis recognizes revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized when grantor eligibility requirements are met.

Fund Types and Major Funds - The Authority reports all activity within a single fund.

Property and Equipment - Acquisition and construction costs of property and equipment are capitalized and depreciation is provided on a straight-line basis over the estimated useful lives of the property and equipment as follows:

<u>Types of Assets</u>	<u>Years</u>
Furniture and fixtures	7
Audio, video, video equip.	10
Building improvements	50
Signage	10

Inventory - Inventory is carried at the lower of cost or market value in accordance with accounting principles generally accepted in the United States of America and consists of gift store items that have been purchased for resale.

Contributed Capital - Amounts received by the Authority from others and proceeds received as contributions in aid of construction from other entities as grants are recorded as contributed capital.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and equity, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Compensated Absences - The Authority does not record a liability for compensated absences and the amount of such liability, if any, at June 30, 2011, is not known. However, due to the limited amount of employees, it is believed that any such liability would not be material to the financial statements.

Income Tax Status - The Authority is a political instrumentality of Chandler, Oklahoma, and therefore, exempt from income taxes under the *Internal Revenue Code*.

Operating Lease - The Authority leases, from the City of Chandler, the old National Guard Armory on a year to year basis with an annual lease payment of one dollar. The fair market value of the lease has not been included on the financial statements because the amount is not readily determinable. On September 30, 2009, the City of Chandler and the Chandler Community Development Trust Authority entered into an amendment of lease agreement and an addendum to lease agreement applicable to fiscal year 2009/2010. Several provisions are contained in these agreements. To summarize, lessor (the City of Chandler) will fund lessee (Authority) for one year in the amount of \$2,000 per month. This has been extended. Certain reporting and expenditure requirements were contained in the addendum to promote the City. The amendment to the lease allows the lessor to waive certain requirements of the original lease. Further agreements are set forth in this amendment and addendum.

Contributed Services - The Authority receives some amount of services donated by its members in carrying out the Authority's goals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. The value of contributed services meeting the requirements of SFAS No. 116 for recognition in the financial statements is not material and is not recorded in the financial statements.

3. CASH AND INVESTMENTS

The Authority's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of saving and loan associations, and trust companies. The Authority considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments - The Authority's cash deposits and investments at June 30, 2012, were completely insured by federal deposit insurance. Therefore, the Authority's cash deposits and investments at June 30, 2012, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

4. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2012, were as follows:

	Balance <u>7/1/11</u>	<u>Added</u>	<u>Deleted</u>	Balance <u>6/30/12</u>
Capital assets:				
Furniture & fixtures	\$ 54,851	\$ 0	\$ 0	\$ 54,851
Building improvements	1,258,610	0	0	1,258,610
Audio, video equip. & videos	154,288	9,700	0	163,988
Signage	<u>6,872</u>	<u>0</u>	<u>0</u>	<u>6,872</u>
Total capital assets	<u>1,474,621</u>	<u>9,700</u>	<u>0</u>	<u>1,484,321</u>
Less accumulated depreciation for:				
Furniture & fixtures	\$ 25,698	\$ 7,836	\$ 0	\$ 33,534
Building improvements	100,427	25,172	0	125,599
Audio, video equip. & videos	58,238	15,992	0	74,230
Signage	<u>2,661</u>	<u>687</u>	<u>0</u>	<u>3,348</u>
Total accumulated deprec.	<u>187,024</u>	<u>49,687</u>	<u>0</u>	<u>236,711</u>
Capital assets, net	<u>\$1,287,597</u>	<u>\$ (39,987)</u>	<u>\$ 0</u>	<u>\$1,247,610</u>

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The City of Chandler carries commercial insurance for risk of loss for the old Armory and its contents.

6. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claim, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expected such amounts, if any, to be immaterial or none.

7. RELATED PARTY TRANSACTIONS

The sister-in-law of the chairman of the Board of Directors worked for the Authority during the fiscal year.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Chandler Community Development Trust Authority
Chandler, Oklahoma

I have audited the financial statements of the business-type activities of Chandler Community Development Trust Authority (a component unit of the City of Chandler), Chandler, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise Chandler Community Development Trust Authority, Chandler, Oklahoma's basic financial statements and have issued my report thereon dated February 14, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

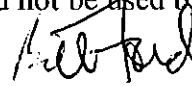
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees, management, grantors, and the State of Oklahoma, and is not intended to be and should not be used by anyone other than these specified parties.



Bill Ford, C.P.A.

February 14, 2013