

Chandler Community Development Trust Authority  
Chandler, Oklahoma

Financial Statements  
For the Years Ended June 30, 2013 and 2014

(With Independent Auditors' Report Thereon)

Audited By

Bill Ford

Certified Public Accountant

Chandler Community Development Trust Authority  
Chandler, Oklahoma  
For the Years ended June 30, 2013 and 2014

TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	
<u>Independent Auditor's Report</u>	1-2
<u>Financial Statements</u>	
Statement of Net Assets	3
Statement of Revenue, Expenses and Changes in Fund Net Asset	4
Statement of Cash Flows	5
<u>Notes to the Financial Statements</u>	6-10
<u>Internal Control and Compliance Report</u>	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11-12

WILLIAM A. FORD  
CERTIFIED PUBLIC ACCOUNTANT  
119 MARSHALL DRIVE  
CHANDLER, OKLAHOMA 74834

INDEPENDENT AUDITOR'S REPORT

TELEPHONE  
(405) 258-2405

Board of Trustees  
Chandler Community Development Trust Authority  
Chandler, Oklahoma

I have audited the accompanying financial statements of the business type activities of the Chandler Community Development Trust Authority, Chandler, Oklahoma, as of and for the years ended June 30, 2013 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed on 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**

My responsibility is to express opinions 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2013 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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 historic context. My opinion on the basic financial statements is not affected by the missing information.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 4, 2016, 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 audits performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Bill Ford, C.P.A.

January 4, 2016

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY  
 CHANDLER, OKLAHOMA  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2013 and 2014

<u>ASSETS</u>	<u>2013</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 67,563	\$ 83,067
Inventories	<u>8,172</u>	<u>12,079</u>
Total current assets	<u>75,735</u>	<u>95,146</u>
Non-Current assets:		
Capital assets		
Capital assets, net of accumulated depreciation	<u>\$1,208,876</u>	<u>\$1,156,901</u>
Total non-current assets	<u>1,208,876</u>	<u>1,156,901</u>
Total Assets	<u>\$1,284,611</u>	<u>1,252,047</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Sales tax payable	\$ 515	\$ 459
Payroll tax payable	<u>1,077</u>	<u>1,067</u>
Total current liabilities	<u>\$ 1,592</u>	<u>1,526</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,208,876	1,156,901
Unassigned	<u>74,143</u>	<u>93,620</u>
Total net assets	<u>\$1,283,019</u>	<u>\$1,250,521</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 YEARS ENDED JUNE 30, 2013 AND 2014

<u>Operating Revenues</u>	<u>2013</u>	<u>2014</u>
Charges for services:		
Gift store sales	\$ 25,884	\$ 26,742
Admission fees	12,892	12,681
Donations	32,687	1,797
Rental/Event income	19,104	18,032
Grant	22,000	26,000
Other	24	0
Total operating revenue	<u>\$ 112,591</u>	<u>\$ 85,252</u>
 <u>Operating Expenses</u>		
Advertising & promotions	\$ 3,576	\$ 5,167
Contract services	800	290
Cost of sales	14,266	13,121
Dues & subscriptions	208	411
Event expense	180	368
Facilities expense	14,581	7,466
Fundraiser	3,950	0
Insurance	3,768	3,243
Professional	2,000	55
Office expense	4,564	3,308
Other expenses	0	152
Payroll tax	2,690	2,703
Postage	368	243
Repair and maintenance	503	827
Supplies	705	0
Telephone	959	1,316
Utilities	2,659	3,314
Wages	25,299	23,791
Depreciation	<u>51,900</u>	<u>51,975</u>
Total operating expenses	<u>132,976</u>	<u>117,750</u>
Operating income (loss)	<u>(20,385)</u>	<u>(32,498)</u>
 Total net assets, beginning	 <u>1,303,404</u>	 <u>1,283,019</u>
 Total net assets, ending	 <u>\$1,283,019</u>	 <u>\$1,250,521</u>

See accompany notes to the financial statements

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY  
CHANDLER, OKLAHOMA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2013 and 2014

<u>Cash Flows from Operating Activities</u>	<u>2013</u>	<u>2014</u>
Cash received from customers	\$ 112,591	\$ 85,252
Cash paid to suppliers and employees	<u>(80,475)</u>	<u>(69,748)</u>
Net cash provided (used) by operating activities	<u>32,116</u>	<u>15,504</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition of capital assets	<u>(13,166)</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	18,950	15,504
Cash and cash equivalents, beginning	<u>48,613</u>	<u>67,563</u>
Cash and cash equivalents, ending	<u>\$ 67,563</u>	<u>\$ 83,067</u>
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Need) By Operating Activities:</u>		
Operating income (loss)	\$ (20,385)	\$(32,498)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	51,900	51,975
Changes in assets:		
(Increase) decrease in inventories	327	(3,907)
Increase (decrease) in payroll tax payable	281	(10)
Increase (decrease) in sales tax payable	<u>(7)</u>	<u>(56)</u>
Net cash provided (used) by operating activities	<u>\$ 32,116</u>	<u>\$ 15,504</u>

See accompanying notes to financial statements

CHANDLER COMMUNITY DEVELOPMENT TRUST AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 and 2014

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, 2013 and 2014, 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, 2013 and 2014, 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 every fiscal year for one year to date. 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, 2013 and 2014, were completely insured by federal deposit insurance. Therefore, the Authority's cash deposits and investments at June 30, 2013 and 2014, 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, 2013 and 2014, were as follows:

	Balance <u>7/1/12</u>	<u>2013</u>	<u>2014</u>	Balance <u>6/30/14</u>
Capital assets:				
Furniture & fixtures	\$ 54,851	\$ 13,166	\$ 0	\$ 68,017
Building improvements	1,258,610	0	0	1,258,610
Audio, video equip. & videos	163,988	0	0	163,988
Signage	<u>6,872</u>	<u>0</u>	<u>0</u>	<u>6,872</u>
Total capital assets	<u>1,484,321</u>	<u>13,166</u>	<u>0</u>	<u>1,497,487</u>
Less accumulated depreciation for:				
Furniture & fixtures	\$ 33,534	\$ 9,642	\$ 9,717	\$ 52,893
Building improvements	125,599	25,172	25,172	175,943
Audio, video equip. & videos	74,230	16,399	16,399	107,028
Signage	<u>3,348</u>	<u>687</u>	<u>687</u>	<u>4,722</u>
Total accumulated deprec.	<u>236,711</u>	<u>51,900</u>	<u>51,975</u>	<u>340,586</u>
Capital assets, net	<u>\$1,247,610</u>	<u>\$ (38,734)</u>	<u>\$ (51,975)</u>	<u>\$1,156,901</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 and brother of the chairman of the Board of Directors did work for the Authority during the fiscal year. The son of a board member did some work for the Authority.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through January 4, 2016, which is the date the financial statements were available to be issued.

WILLIAM A. FORD  
CERTIFIED PUBLIC ACCOUNTANT  
119 MARSHALL DRIVE  
CHANDLER, OKLAHOMA 74834

REPORT ON COMPLIANCE AND 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

TELEPHONE  
(405) 258-2405

Board of Trustees  
Chandler Community Development Trust Authority  
Chandler, OK

I 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*, the financial statements of the business-type activities of Chandler Community Development Trust Authority as of and for the years ended June 30, 2013 and 2014, and the related notes to the financial statements, which collectively comprise the Authority and have issued my report thereon dated January 4, 2016.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion in the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority'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.

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 material weaknesses or significant deficiencies. Given

these limitations, during my audit I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

### **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*. However, I noted certain matters that I have reported to the Board of Trustees in a separate statement.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.



Bill Ford, C.P.A.

January 4, 2016