

Eastern Oklahoma Development District

**Financial Statements
with Independent Auditors' Report**

June 30, 2019 and 2018



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Eastern Oklahoma Development District
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June 30, 2019 and 2018

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

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, 2019 and 2018, 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.

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, 2019 and 2018, 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 October 17, 2019 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.

Hill & Company, PC

Tulsa, Oklahoma
October 17, 2019



Eastern Oklahoma Development District Management's Discussion and Analysis For the Year Ended June 30, 2019 and 2018

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, 2019 and 2018. 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 2019, with fiscal years 2018 and 2017.

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 presents the financial position of the District at June 30, 2019 and 2018. The Statement of Activities summarizes the District's financial results by activity for the years ended June 30, 2019 and 2018. 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 Assets

This statement is presented with three major categories, namely assets, liabilities, and net assets. 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 \$3,676,928 in FY 2019 from \$3,451,003 in FY 2018. Total assets of the District increased to \$3,451,003 in FY 2018 from \$3,361,801 in FY 2017.

**Eastern Oklahoma Development District
Management's Discussion and Analysis
For the Year Ended June 30, 2019 and 2018**

Statement of Net Assets (Continued)

Following is a comparison of the summarized financial position, net assets, and capital assets of the District at June 30, 2019, 2018, and 2017:

	2019 <i>(000's)</i>	2018 <i>(000's)</i>	2017 <i>(000's)</i>
Assets			
Cash	\$ 2816	\$ 2359	\$ 2559
Accounts Receivable	587	809	516
Due from Other Fund	150	150	144
Capital Assets, Net	124	133	141
Total Assets	<u>3,677</u>	<u>3,451</u>	<u>3,362</u>
Liabilities			
Accounts Payable	506	586	627
Due to Other Fund	150	150	144
Deferred Revenue	2008	1723	1,683
Total Liabilities	<u>2,664</u>	<u>2,459</u>	<u>2,454</u>
Net Assets			
Investment in Capital Assets	124	132	141
Unrestricted	889	860	767
Total Net Assets	<u>\$ 1013</u>	<u>\$ 992</u>	<u>\$ 908</u>

Revenues includes Federal and state grants that are renewable each year. These revenues decreased by \$398,000 in 2019, decreased by \$170,000 in 2018, and decreased by \$48,000 in 2017. 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 2019, operating expenses decreased by \$332,422 in FY2018 decreased by \$281,000. All other operating expense experienced slight decreases. In FY 2017, operating expenses decreased by \$35,409. 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, 2019 and 2018**

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

Following is a comparison of operating results for the years ended June 30, 2019, 2018, and 2017:

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

	2019 <i>(000's)</i>	2018 <i>(000's)</i>	2017 <i>(000's)</i>
Operating Revenues			
Federal Grants	\$ 1,600	\$ 1,866	\$ 1,666
State Grants	2,350	2,426	2,854
Local Grants	94	152	157
Other	6	6	9
	<hr/>	<hr/>	<hr/>
Total	4,118	4,516	4,686
	<hr/>	<hr/>	<hr/>
Operating Expenses			
Pass-through Grants	3,071	3,411	3,714
Wages	429	398	430
Contract labor	152	184	195
Fringe Benefits	143	128	115
Indirect Costs	141	130	133
Other	154	170	116
	<hr/>	<hr/>	<hr/>
Total	4,090	4,422	4,704
	<hr/>	<hr/>	<hr/>
Increase in Net Assets	27	93	(18)
Net Assets at Beginning of Year	889	796	814
	<hr/>	<hr/>	<hr/>
Net Assets at end of Year	\$916	\$ 889	\$ 796
	<hr/>	<hr/>	<hr/>

**Eastern Oklahoma Development District
Management's Discussion and Analysis
For the Year Ended June 30, 2019 and 2018**

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, 2019, 2018, and 2017:

Cash Flows for the Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash Provided (Used) by			
Operating Activities	\$2442	\$ 60	\$ (16,079)
Financing Activities	-	-	-
Investing Activities	-	-	(4,113)
Net Increase (Decrease) in cash	<u>2442</u>	<u>60</u>	<u>(20,192)</u>
Cash at beginning of Year	<u>21,075</u>	<u>21,015</u>	<u>41,207</u>
Cash at End of Year	<u><u>\$23,517</u></u>	<u><u>\$ 21,075</u></u>	<u><u>\$ 21,015</u></u>

Conclusion

The upcoming legislative session will begin with a budget surplus for the second time in as many years. EODD and the other members of the Oklahoma Association of Regional Councils (OARC) have a plan and prepared a Legislative Agenda to put forth to Oklahoma Legislators to recover some of the funding due to past budget cuts. If successful this effort will enable EODD to better serve our region. The budget surplus will hopefully allow EODD to recover some past funding losses. As EODD continues to look for ways to improve operating efficiencies and locate new revenues, EODD will also be asking for additional Sub-State funding 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
Statement of Net Position
June 30, 2019

	Government Activities	Business - Type Activities	Total
Assets			
Cash	\$ 2,793,163	\$ 23,517	\$ 2,816,680
Accounts receivable	586,907	-	586,907
Prepaid expenses	227	-	227
Due from other funds	149,501	-	149,501
Capital assets, net	-	123,613	123,613
Total Assets	<u>\$ 3,529,798</u>	<u>\$ 147,130</u>	<u>\$ 3,676,928</u>
Liabilities			
Accounts payable	\$ 505,843	\$ -	\$ 505,843
Due to other funds	99,501	50,000	149,501
Deferred revenue	2,008,190	-	2,008,190
Total Liabilities	<u>2,613,534</u>	<u>50,000</u>	<u>2,663,534</u>
Net Position			
Net Investment in capital assets	-	123,613	123,613
Unrestricted	916,264	(26,483)	889,781
Total Net Position	<u>\$ 916,264</u>	<u>\$ 97,130</u>	<u>\$ 1,013,394</u>

**Eastern Oklahoma Development District
Statement of Activities
For the Year Ended June 30, 2019**

Function/Programs					Net Revenue (Expense) and Changes in Net Position		
	Program Expenses	Program Revenue			Government Activities	Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Business- Type Activities	Total
Primary Government							
Government Activities							
General Government	\$ 9,894	\$ 60,613	\$ -	\$ -	\$ 50,719	\$ -	\$ 50,719
Aging Services	2,556,027	-	2,528,317	-	(27,710)	-	(27,710)
Rural Economic Action Plan	787,990	43,941	733,128	-	(10,921)	-	(10,921)
Economic Development	453,273	49,431	402,423	-	(1,419)	-	(1,419)
Community Development	283,266	-	286,826	-	3,560	-	3,560
Total Government Activities	4,090,450	153,985	3,950,694	-	14,229	-	14,229
Business-Type Activities							
Building Trust	18,458	12,000	-	-	-	(6,458)	(6,458)
Total Business-Type Activities	18,458	12,000	-	-	-	(6,458)	(6,458)
Total Primary Government Activities	\$ 4,108,908	\$ 165,985	\$ 3,950,694	\$ -	\$ 14,229	\$ (6,458)	\$ 7,771
General Revenues:							
Interest Income					\$ 13,249	\$ 28	\$ 13,277
Total General Revenues					13,249	28	13,277
Change in Net Position					27,478	(6,430)	21,048
Net Position, beginning of year					888,786	103,560	992,346
Net Position, end of year					\$ 916,264	\$ 97,130	\$ 1,013,394

Eastern Oklahoma Development District
Statement of Net Position
June 30, 2018

	Government Activities	Business - Type Activities	Total
Assets			
Cash	\$ 2,338,044	\$ 21,075	\$ 2,359,119
Accounts receivable	809,147	-	809,147
Prepaid expenses	227	-	227
Due from other funds	150,025	-	150,025
Capital assets, net	-	132,485	132,485
Total Assets	<u>\$ 3,297,443</u>	<u>\$ 153,560</u>	<u>\$ 3,451,003</u>
Liabilities			
Accounts payable	\$ 585,399	\$ -	\$ 585,399
Due to other funds	100,025	50,000	150,025
Deferred revenue	1,723,233	-	1,723,233
Total Liabilities	<u>2,408,657</u>	<u>50,000</u>	<u>2,458,657</u>
Net Position			
Net Investment in capital assets	-	132,485	132,485
Unrestricted	888,786	(28,925)	859,861
Total Net Position	<u>\$ 888,786</u>	<u>\$ 103,560</u>	<u>\$ 992,346</u>

Eastern Oklahoma Development District
Governmental Funds Balance Sheet
June 30, 2019

	<u>General Funds</u>	<u>Area Agency on Aging</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 732,549	\$ 10,768	\$ 1,877,342	\$ 172,504	\$ 2,793,163
Accounts receivable	-	403,603	84,550	98,754	586,907
Prepaid expense	227	-	-	-	227
Due from Other Fund	120,977	-	-	28,524	149,501
Total Assets	<u>\$ 853,753</u>	<u>\$ 414,371</u>	<u>\$ 1,961,892</u>	<u>\$ 299,782</u>	<u>\$ 3,529,798</u>
Liabilities					
Accounts payable	\$ 46,340	\$ 312,351	\$ 22,000	\$ 125,152	\$ 505,843
Due to other fund	-	99,501	-	-	99,501
Deferred revenue	-	-	1,930,536	77,654	2,008,190
Total Liabilities	<u>46,340</u>	<u>411,852</u>	<u>1,952,536</u>	<u>202,806</u>	<u>2,613,534</u>
Fund Balance					
Unrestricted	<u>807,413</u>	<u>2,519</u>	<u>9,356</u>	<u>96,976</u>	<u>916,264</u>
Total Fund Balance	<u>807,413</u>	<u>2,519</u>	<u>9,356</u>	<u>96,976</u>	<u>916,264</u>
Total Liabilities and Fund Balance	<u>\$ 853,753</u>	<u>\$ 414,371</u>	<u>\$ 1,961,892</u>	<u>\$ 299,782</u>	<u>\$ 3,529,798</u>

Eastern Oklahoma Development District
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2019

	<u>General Funds</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Federal grants	\$ -	\$ 1,519,267	\$ -	\$ 81,146	\$ 1,600,413
State grants and appropriations	-	1,009,050	733,128	608,103	2,350,281
Local charges and services	219	-	43,941	49,431	93,591
Members' dues and assessments	60,394	-	-	-	60,394
Investment income	2,329	-	10,921	-	13,250
Match revenue	(37,581)	29,980	-	7,601	-
Total Revenues	<u>25,361</u>	<u>2,558,297</u>	<u>787,990</u>	<u>746,281</u>	<u>4,117,929</u>
Expenses					
Salaries	-	262,673	15,750	150,466	428,889
Contract labor	-	-	18,900	133,522	152,422
Fringe benefits	-	91,007	3,589	48,455	143,051
Indirect costs	-	58,503	5,650	77,082	141,235
Travel	-	30,374	-	8,796	39,170
Other expenses	6,111	15,578	52	15,031	36,772
Respite	-	77,836	-	-	77,836
Pass-through grants	3,783	2,020,057	744,049	303,187	3,071,076
Total Expenses	<u>9,894</u>	<u>2,556,028</u>	<u>787,990</u>	<u>736,539</u>	<u>4,090,451</u>
Net Change in Fund Balances	15,467	2,269	-	9,742	27,478
Fund Balances, Beginning of Year	<u>791,946</u>	<u>250</u>	<u>9,356</u>	<u>87,234</u>	<u>888,786</u>
Fund Balances, End of Year	<u>\$ 807,413</u>	<u>\$ 2,519</u>	<u>\$ 9,356</u>	<u>\$ 96,976</u>	<u>\$ 916,264</u>

**Eastern Oklahoma Development District
Reconciliation of Governmental Funds and
Government-wide Financial Statements
Year Ended June 30, 2019**

Reconciliation of the Government Funds Balance

Sheet to the Statement of Net Assets

Total fund balances - governmental funds	\$	916,264
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Amounts reported for governmental activities in the Statement of Net Position 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	\$	916,264
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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	\$	27,478
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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:

Capital asset purchases capitalized		-
Depreciation expense		-
Capital asset disposition, net		-

Change in Net Assets - governmental activities	\$	27,478
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**Eastern Oklahoma Development District
Governmental Funds Balance Sheet
June 30, 2018**

	<u>General Funds</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 700,121	\$ -	\$ 1,513,852	\$ 124,071	\$ 2,338,044
Accounts receivable	-	553,029	142,850	113,268	809,147
Prepaid expense	227	-	-	-	227
Due from Other Fund	136,923	-	-	13,102	150,025
Total Assets	<u>\$ 837,271</u>	<u>\$ 553,029</u>	<u>\$ 1,656,702</u>	<u>\$ 250,441</u>	<u>\$ 3,297,443</u>
Liabilities					
Accounts payable and accrued exp.	\$ 45,325	\$ 452,754	\$ 52,817	\$ 34,503	\$ 585,399
Due to other fund	-	100,025	-	-	100,025
Deferred revenue	-	-	1,594,529	128,704	1,723,233
Total Liabilities	<u>45,325</u>	<u>552,779</u>	<u>1,647,346</u>	<u>163,207</u>	<u>2,408,657</u>
Fund Balance					
Unassigned	<u>791,946</u>	<u>250</u>	<u>9,356</u>	<u>87,234</u>	<u>888,786</u>
Total Fund Balance	<u>791,946</u>	<u>250</u>	<u>9,356</u>	<u>87,234</u>	<u>888,786</u>
Total Liabilities and Fund Balance	<u>\$ 837,271</u>	<u>\$ 553,029</u>	<u>\$ 1,656,702</u>	<u>\$ 250,441</u>	<u>\$ 3,297,443</u>

Eastern Oklahoma Development District
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2018

	<u>General Funds</u>	<u>Aging Services</u>	<u>Rural Economic Action Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Federal grants	\$ -	\$ 1,763,771	\$ -	\$ 102,082	\$ 1,865,853
State grants and appropriations	-	1,056,860	794,623	574,849	2,426,332
Local charges and services	53	-	43,142	109,088	152,283
Members' dues and assessments	60,579	-	-	-	60,579
Investment income	3,854	-	7,147	-	11,001
Match revenue	(30,147)	29,826	-	321	-
Total Revenues	<u>34,339</u>	<u>2,850,457</u>	<u>844,912</u>	<u>786,340</u>	<u>4,516,048</u>
Expenses					
Salaries	7,343	259,130	15,500	116,277	398,250
Contract labor	10,751	12,335	18,000	143,779	184,865
Fringe benefits	-	87,167	4,152	36,941	128,260
Indirect costs	-	49,776	5,240	75,803	130,819
Travel	-	26,948	-	8,187	35,135
Other expenses	11,536	17,322	250	26,959	56,067
Respite	-	78,696	-	-	78,696
Pass-through grants	-	2,319,083	800,418	291,280	3,410,781
Total Expenses	<u>29,630</u>	<u>2,850,457</u>	<u>843,560</u>	<u>699,226</u>	<u>4,422,873</u>
Net Change in Fund Balances	4,709	-	1,352	87,114	93,175
Fund Balances, Beginning of Year	<u>787,237</u>	<u>250</u>	<u>8,004</u>	<u>120</u>	<u>795,611</u>
Fund Balances, End of Year	<u>\$ 791,946</u>	<u>\$ 250</u>	<u>\$ 9,356</u>	<u>\$ 87,234</u>	<u>\$ 888,786</u>

**Eastern Oklahoma Development District
Reconciliation of Governmental Funds and
Government-wide Financial Statements
Year Ended June 30, 2018**

Reconciliation of the Government Funds Balance

Sheet to the Statement of Net Assets

Total fund balances - governmental funds	\$	888,786
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Amounts reported for governmental activities in the Statement of Net Position 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	\$	888,786
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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	\$	93,175
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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:

Capital asset purchases capitalized		-
Depreciation expense		-
Capital asset disposition, net		-

Change in Net Assets - governmental activities	\$	93,175
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Eastern Oklahoma Development District
Statements of Net Position
Proprietary Funds
June 30, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 23,517	\$ 21,075
Capital assets, net	123,612	132,485
Total Assets	147,129	153,560
Liabilities		
Due to other fund	50,000	50,000
Total Liabilities	50,000	50,000
Net Position		
Net investment in capital assets	123,612	132,485
Unrestricted	(26,483)	(28,925)
Total Net Position	\$ 97,129	\$ 103,560

Eastern Oklahoma Development District
Statements of Revenues, Expense, and Changes in Net Position
Proprietary Funds
Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Rent income	\$ 12,000	\$ 12,000
Interest income	28	63
Total Operating Revenues	12,028	12,063
Operating Expenses		
Depreciation	8,873	8,873
Other expenses	9,586	12,003
Total Operating Expenses	18,459	20,876
Changes in Net Position	(6,431)	(8,813)
Net Position, beginning of year	103,560	112,373
Net Position, end of year	\$ 97,129	\$ 103,560

Eastern Oklahoma Development District
Statements of Cash Flows
Proprietary Funds
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Receipts of rent	\$ 12,000	\$ 12,000
Receipts of interest	28	63
Payment to vendors	<u>(9,586)</u>	<u>(12,003)</u>
Net Cash Provided by (Used in) Operating Activities	<u>2,442</u>	<u>60</u>
Cash Flows From Investing Activities		
Purchase of fixed assets	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
Net Change in Cash	2,442	60
Cash, beginning of year	<u>21,075</u>	<u>21,015</u>
Cash, end of year	<u><u>\$ 23,517</u></u>	<u><u>\$ 21,075</u></u>
 Reconciliation of Increase in Fund Balance to Cash Used in Operating Activities:		
Change in fund balance	\$ (6,431)	\$ (8,813)
Adjustment to reconcile change in fund balance to cash provided by (used in) operating activities:		
Depreciation expense	<u>8,873</u>	<u>8,873</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 2,442</u></u>	<u><u>\$ 60</u></u>

Eastern Oklahoma Development District
Statements of Net Position
Fiduciary Funds
June 30, 2019 and 2018

	2019	2018
Assets		
Cash	\$ -	\$ 1,564
Total assets	\$ -	\$ 1,564
Liabilities		
Accounts payable	\$ -	\$ 419
Deferred revenue	-	-
Total Liabilities	-	419
Net Position	\$ -	\$ 1,145

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2019 and 2018

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 Eastern Oklahoma Development District:

General Fund – The General Fund is the primary operating fund of the 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, 2019 and 2018

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 \$2,816,680 and \$2,359,119 as of June 30, 2019 and 2018, 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 cost \$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, 2019 and 2018

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 October 17, 2019, which is the date the financial statements were issued.

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2019 and 2018

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, 2019 and 2018. 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, 2019 consisted of the following:

Type of Deposits	June 30, 2019				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
<u>Demand Deposits</u>					
Eastern Oklahoma Development District	\$ 2,773,699	\$ 500,000	\$ 2,273,699	\$ -	\$ 2,793,163
Building Trust Eastern Oklahoma Development Dist.	24,511	24,511	-	-	23,517
Total Deposits	<u>\$ 2,798,210</u>	<u>\$ 524,511</u>	<u>\$ 2,273,699</u>	<u>\$ -</u>	<u>\$ 2,816,680</u>

A summary of the deposits at June 30, 2018 consisted of the following:

Type of Deposits	June 30, 2018				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
<u>Demand Deposits</u>					
Eastern Oklahoma Development District	\$ 2,387,457	\$ 500,000	\$ 1,887,457	\$ -	\$ 2,338,044
Building Trust Eastern Oklahoma Development Dist.	21,075	21,075	-	-	21,075
Total Deposits	<u>\$ 2,408,532</u>	<u>\$ 521,075</u>	<u>\$ 1,887,457</u>	<u>\$ -</u>	<u>\$ 2,359,119</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, 2019 or 2018.

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2019 and 2018

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, 2019 and 2018 were as follows:

	2019	2018
Due to Special Revenue Funds from General Funds	\$ 59,451	\$ 80,942
Due to General Funds from Special Revenue Funds	\$ (59,451)	\$ (80,942)
Due to General Funds from Building Trust Eastern Oklahoma Development District	\$ 50,000	\$ 50,000
Due to Building Trust Eastern Oklahoma Development District from General Funds	\$ (50,000)	\$ (50,000)

Note 5: Capital Assets

A summary of changes in fixed assets for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
<u>Government Activities</u>				
Capital assets:				
Building improvements	\$ 1,900	\$ -	\$ -	\$ 1,900
Furniture and equipment	63,848	-	-	63,848
Total historical cost	65,748	-	-	65,748
Less accumulated depreciation:				
Building improvements	(1,900)	-	-	(1,900)
Furniture and equipment	(63,848)	-	-	(63,848)
Total accumulated depreciation	(65,748)	-	-	(65,748)
Total capital assets, net	\$ -	\$ -	\$ -	\$ -
<u>Business-Type Activities</u>				
Capital assets:				
Land	\$ 20,250	\$ -	\$ -	\$ 20,250
Buildings and improvements	234,606	-	-	234,606
Furniture and equipment	23,319	-	-	23,319
Total historical cost	278,175	-	-	278,175
Less accumulated depreciation:				
Land	-	-	-	-
Buildings and improvements	(124,883)	(7,502)	-	(132,385)
Furniture and equipment	(20,807)	(1,371)	-	(22,178)
Total accumulated depreciation	(145,690)	(8,873)	-	(154,563)
Total capital assets, net	\$ 132,485	\$ (8,873)	\$ -	\$ 123,612

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2019 and 2018

Note 5: Capital Assets (Continued)

A summary of changes in fixed assets for the year ended June 30, 2018, is as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Government Activities</u>				
Capital assets:				
Building improvements	\$ 1,900	\$ -	\$ -	\$ 1,900
Furniture and equipment	63,848	-	-	63,848
Total historical cost	<u>65,748</u>	<u>-</u>	<u>-</u>	<u>65,748</u>
Less accumulated depreciation:				
Building improvements	(1,900)	-	-	(1,900)
Furniture and equipment	(63,848)	-	-	(63,848)
Total accumulated depreciation	<u>(65,748)</u>	<u>-</u>	<u>-</u>	<u>(65,748)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Business-Type Activities</u>				
Capital assets:				
Land	\$ 20,250	\$ -	\$ -	\$ 20,250
Buildings and improvements	234,606	-	-	234,606
Furniture and equipment	23,319	-	-	23,319
Total historical cost	<u>278,175</u>	<u>-</u>	<u>-</u>	<u>278,175</u>
Less accumulated depreciation:				
Land	-	-	-	-
Buildings and improvements	(117,381)	(7,502)	-	(124,883)
Furniture and equipment	(19,436)	(1,371)	-	(20,807)
Total accumulated depreciation	<u>(136,817)</u>	<u>(8,873)</u>	<u>-</u>	<u>(145,690)</u>
Total capital assets, net	<u>\$ 141,358</u>	<u>\$ (8,873)</u>	<u>\$ -</u>	<u>\$ 132,485</u>

Eastern Oklahoma Development District
Notes to Financial Statements
June 30, 2019 and 2018

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 2019 and 2018 was \$17,150 and \$18,637, 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, 2019 and 2018, 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, 2019

	<u>EDA</u>	<u>MIPPA</u>	<u>State Approp</u>	<u>CIP</u>	<u>CENA</u>
Assets					
Cash	\$ -	\$ -	\$ -	\$ 24,050	\$ -
Accounts receivable	35,000	-	1,443	-	53,369
Prepaid expense	-	-	-	-	-
Due from Other Fund	7,286	-	-	-	-
Total Assets	<u>\$ 42,286</u>	<u>\$ -</u>	<u>\$ 1,443</u>	<u>\$ 24,050</u>	<u>\$ 53,369</u>
Liabilities					
Accounts payable	\$ 42,286	\$ -	\$ 1,443	\$ -	\$ 53,369
Due to other fund	-	-	-	-	-
Deferred revenue	-	-	-	24,050	-
Total Liabilities	<u>42,286</u>	<u>-</u>	<u>1,443</u>	<u>24,050</u>	<u>53,369</u>
Fund Balance					
Unrestricted	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 42,286</u>	<u>\$ -</u>	<u>\$ 1,443</u>	<u>\$ 24,050</u>	<u>\$ 53,369</u>

**Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2019**

	<u>Masonic</u>	<u>Rural Fire</u>	<u>CDBG</u>	<u>Case Mgmt</u>	<u>Total Other Government Funds</u>
Assets					
Cash	\$ 36,290	\$ 15,188	\$ 96,976	\$ -	\$ 172,504
Accounts receivable	-	3,419	-	5,523	98,754
Prepaid expense	-	-	-	-	-
Due from Other Fund	-	-	-	21,238	28,524
Total Assets	<u>\$ 36,290</u>	<u>\$ 18,607</u>	<u>\$ 96,976</u>	<u>\$ 26,761</u>	<u>\$ 299,782</u>
Liabilities					
Accounts payable	\$ 1,293	\$ -	\$ -	\$ 26,761	\$ 125,152
Due to other fund	-	-	-	-	-
Deferred revenue	34,997	18,607	-	-	77,654
Total Liabilities	<u>36,290</u>	<u>18,607</u>	<u>-</u>	<u>26,761</u>	<u>202,806</u>
Fund Balance					
Unrestricted	-	-	96,976	-	96,976
Total Fund Balance	<u>-</u>	<u>-</u>	<u>96,976</u>	<u>-</u>	<u>96,976</u>
Total Liabilities and Fund Balance	<u>\$ 36,290</u>	<u>\$ 18,607</u>	<u>\$ 96,976</u>	<u>\$ 26,761</u>	<u>\$ 299,782</u>

Eastern Oklahoma Development District
Combining Statements of Revenues, Expenses and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	<u>EDA</u>	<u>MIPPA</u>	<u>State Approp</u>	<u>CIP</u>	<u>CENA</u>
Revenues					
Federal grants	\$ 77,585	\$ 3,561	\$ -	\$ -	\$ -
State grants and appropriations	-	-	17,322	66,394	216,871
Local charges and services	-	-	-	-	-
Members' dues and assessments	-	-	-	-	-
Investment income	-	-	-	-	-
Match revenue	7,286	(3,561)	(17,322)	-	-
Total revenues	<u>84,871</u>	<u>-</u>	<u>-</u>	<u>66,394</u>	<u>216,871</u>
Expenses					
Salaries	53,984	-	-	39,558	6,169
Contract labor	-	-	-	-	-
Fringe benefits	14,397	-	-	14,882	2,209
Indirect costs	11,300	-	-	8,475	1,413
Travel	508	-	-	223	209
Other expenses	4,682	-	-	3,256	845
Respite	-	-	-	-	-
Pass-through grants	-	-	-	-	206,026
Total expenses	<u>84,871</u>	<u>-</u>	<u>-</u>	<u>66,394</u>	<u>216,871</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances, <i>Beginning of Year</i>	-	-	-	-	-
Fund Balances, <i>End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Eastern Oklahoma Development District
Combining Statements of Revenues, Expenses and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	<u>Masonic</u>	<u>Rural Fire</u>	<u>CDBG</u>	<u>Case Mgmt</u>	<u>Total Other Government Funds</u>
Revenues					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 81,146
State grants and appropriations	98,163	53,586	-	155,767	608,103
Local charges and services	-	-	49,431	-	49,431
Members' dues and assessments	-	-	-	-	-
Investment income	-	-	-	-	-
Match revenue	-	-	-	21,198	7,601
Total revenues	<u>98,163</u>	<u>53,586</u>	<u>49,431</u>	<u>176,965</u>	<u>746,281</u>
Expenses					
Salaries	-	27,404	22,484	867	150,466
Contract labor	-	-	-	133,522	133,522
Fringe benefits	-	8,698	7,219	1,050	48,455
Indirect costs	-	9,888	7,063	38,943	77,082
Travel	-	5,814	2,042	-	8,796
Other expenses	1,002	1,782	881	2,583	15,031
Respite	-	-	-	-	-
Pass-through grants	97,161	-	-	-	303,187
Total expenses	<u>98,163</u>	<u>53,586</u>	<u>39,689</u>	<u>176,965</u>	<u>736,539</u>
Net Change in Fund Balances	-	-	9,742	-	9,742
Fund Balances, <i>Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>87,234</u>	<u>-</u>	<u>87,234</u>
Fund Balances, <i>End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,976</u>	<u>\$ -</u>	<u>\$ 96,976</u>

**Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2018**

	<u>EDA</u>	<u>SHIP</u>	<u>MIPPA</u>	<u>Living Choices</u>	<u>State Approp.</u>	<u>CIP</u>
Assets						
Cash and cash equivalents	\$ (9,915)	\$ -	\$ -	\$ -	\$ (1,443)	\$ 58,189
Accounts receivable	17,500	-	-	-	1,443	-
Due from Other Fund	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
Total assets	<u>7,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,189</u>
Liabilities						
Accounts payable and accrued expenses	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-
Deferred revenue	7,585	-	-	-	-	58,189
Total liabilities	<u>7,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,189</u>
Net Position						
Unrestricted	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 7,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,189</u>

**Eastern Oklahoma Development District
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2018**

	<u>CENA</u>	<u>Masonic</u>	<u>Rural Fire</u>	<u>CDBG</u>	<u>Case Mgmt</u>	<u>Total Other Government Funds</u>
Assets						
Cash and cash equivalents	\$ (56,522)	\$ 51,737	\$ 7,853	\$ 87,234	\$ (13,062)	\$ 124,071
Accounts receivable	85,190	-	3,340	-	5,795	113,268
Due from Other Fund	-	-	-	-	-	-
Capital assets, net	-	-	-	-	13,102	13,102
Total assets	<u>28,668</u>	<u>51,737</u>	<u>11,193</u>	<u>87,234</u>	<u>5,835</u>	<u>250,441</u>
Liabilities						
Accounts payable and accrued expenses	28,668	-	-	-	5,835	34,503
Due to other fund	-	-	-	-	-	-
Deferred revenue	-	51,737	11,193	-	-	128,704
Total liabilities	<u>28,668</u>	<u>51,737</u>	<u>11,193</u>	<u>-</u>	<u>5,835</u>	<u>163,207</u>
Net Position						
Unrestricted	-	-	-	87,234	-	87,234
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,234</u>	<u>-</u>	<u>87,234</u>
Total Liabilities and Fund Balance	<u>\$ 28,668</u>	<u>\$ 51,737</u>	<u>\$ 11,193</u>	<u>\$ 87,234</u>	<u>\$ 5,835</u>	<u>\$ 250,441</u>

Eastern Oklahoma Development District
Combining Statements of Revenues, Expenses and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2018

	<u>EDA</u>	<u>SHIP</u>	<u>MIPPA</u>	<u>Living Choices</u>	<u>State Approp.</u>	<u>CIP</u>
Revenues						
Federal grants	\$ 101,858	\$ -	\$ 224	\$ -	\$ -	\$ -
State grants and appropriations	-	-	-	-	17,322	29,537
Local charges and services						
Members' dues and assessments	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Match revenue	-	-	3,561	980	(17,322)	-
Total revenues	<u>101,858</u>	<u>-</u>	<u>3,785</u>	<u>980</u>	<u>-</u>	<u>29,537</u>
Expenses						
Salaries	65,616	-	-	-	-	14,442
Contract labor	-	-	-	-	-	-
Fringe benefits	19,524	-	-	-	-	4,767
Indirect costs	10,479	-	-	-	-	7,859
Travel	776	-	-	-	-	830
Other expenses	5,463	-	3,785	1,100	-	1,639
Respite	-	-	-	-	-	-
Pass-through grants	-	-	-	-	-	-
Total expenses	<u>101,858</u>	<u>-</u>	<u>3,785</u>	<u>1,100</u>	<u>-</u>	<u>29,537</u>
Net Change in Fund Balances	-	-	-	(120)	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Eastern Oklahoma Development District
Combining Statements of Revenues, Expenses and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2018

	<u>CENA</u>	<u>Masonic</u>	<u>Rural Fire</u>	<u>CDBG</u>	<u>Case Mgmt</u>	<u>Total Other Government Funds</u>
Revenues						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,082
State grants and appropriations	226,819	78,148	48,858	-	174,165	574,849
Local charges and services			-	109,088		109,088
Members' dues and assessments	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Match revenue	-	-	-	-	13,102	321
Total revenues	<u>226,819</u>	<u>78,148</u>	<u>48,858</u>	<u>109,088</u>	<u>187,267</u>	<u>786,340</u>
Expenses						
Salaries	7,742	-	24,089	3,569	819	116,277
Contract labor	-	-	-	-	143,779	143,779
Fringe benefits	1,904	-	8,458	1,919	369	36,941
Indirect costs	1,305	-	9,476	6,550	40,134	75,803
Travel	338	-	4,037	1,919	287	8,187
Other expenses	51	2,347	2,798	7,897	1,879	26,959
Respite	-	-	-	-	-	-
Pass-through grants	215,479	75,801	-	-	-	291,280
Total expenses	<u>226,819</u>	<u>78,148</u>	<u>48,858</u>	<u>21,854</u>	<u>187,267</u>	<u>699,226</u>
Net Change in Fund Balances	-	-	-	87,234	-	87,114
Fund Balances, Beginning of Year	-	-	-	-	-	120
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,234</u>	<u>\$ -</u>	<u>\$ 87,234</u>



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Business Advisors

**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, 2019, and the related notes to the financial statements, which collectively comprise EODD's basic financial statements, and have issued our report thereon dated October 17, 2019.

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.

Hill & Company, PC

Tulsa, Oklahoma
October 17, 2019



Eastern Oklahoma Development District
Schedule of Expenditures of Federal Awards
June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
FEDERAL PROGRAMS				
<u>U.S. Department of Health and Human Services</u>				
<i>Pass-Through the Oklahoma Department of Human Services</i>		56652		
Special Programs for the Aging				
Title VII	93.041		\$ 6,515	\$ -
Title III, Part B Grants for Supportive Services & Senior Centers	93.044		379,976	254,251
Title III, Part C-1 Nutrition Services	93.045		502,265	462,914
Title III, Part C-2 Nutrition Services	93.045		255,932	239,656
Title III, Part D Disease Prevention and Health Promotion Services	93.043		13,187	-
Title III, Part E Care Giver Support	93.052		153,189	-
Nutrition Services Incentive Program	93.053		208,225	208,225
Total Aging Cluster			1,519,289	1,165,046
 <i>Pass-Through the Department of Oklahoma Insurance</i>				
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071		3,561	-
Total U.S. Department of Health and Human Services			1,522,850	-
 <u>U.S. Department of Commerce</u>				
Economic Development Planning Assistance	11.301		77,585	-
			\$ 1,600,435	\$ 1,165,046

Eastern Oklahoma Development District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

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, 2019. 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 Eastern Oklahoma Development District, 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 District 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, 2019. 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.

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, 2019.

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, 2019 and the related notes to the financial statements, which collectively comprise the EODD's basic financial statements. We issued our report thereon dated October 17, 2019, 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.

Hill & Company, PC

Tulsa, Oklahoma
October 17, 2019



**Eastern Oklahoma Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

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

None

Findings Required to be Reported in Accordance with the Uniform Guidance

None

**Eastern Oklahoma Development District
Summary Schedule of Prior Audit Findings
June 30, 2019**

Findings Required to be Reported by Government Auditing Standards

None

Findings Required to be Reported in Accordance with the Uniform Guidance

None