

**Eastern Oklahoma Development District**

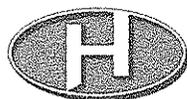
Financial Statements  
with Independent Auditors' Reports

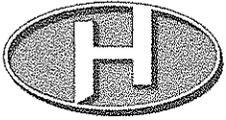
June 30, 2013 and 2012



**Eastern Oklahoma Development District**  
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**June 30, 2013 and 2012**

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## Independent Auditors' Report

Board of Directors  
Eastern Oklahoma Development District  
Muskogee, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Eastern Oklahoma Development District as of and for the years ended June 30, 2013 and 2012, the related notes to the financial statements, which collectively, comprise the Eastern Oklahoma Development District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Oklahoma Development District as of June 30, 2013 and 2012, and the changes in financial position and its cash flows 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 on pages i through iv 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements of the Eastern Oklahoma Development District taken as a whole. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information such as the additional comments required by Rural Development are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditures is fairly stated in all material respects in relation to the financial statements taken as a whole.



Board of Directors  
Eastern Oklahoma Development District  
Page 3

The additional comments required by Eastern Oklahoma Development District have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2013 on our consideration of the Eastern Oklahoma Development District's internal control over financial reporting and 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 result of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Hill & Company*

Tulsa, Oklahoma  
September 4, 2013





*Eastern Oklahoma Development District*  
1012 North 38<sup>th</sup> Street – P.O. Box 1367 – Muskogee, OK 74402  
Telephone: 918-682-7891 Fax: 918-682-5444

**Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

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, 2013. 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 2013, with fiscal years 2012 and 2011.

**Financial Analysis of the District as a Whole**

The basic financial statements of the District are the Statement of Financial position; Statement of Revenues, Expenses, and Changes in Fund Balances; and Statement of Cash Flows. The Statement of Financial Position presents the financial position of the District at June 30, 2013 and 2012. The Statement of Revenues, Expenses, and Changes in Net Assets summarizes the District's financial activity for the years ended June 30, 2013 and 2012. The State of Cash Flows, presented using the indirect method, reflects the effects on cash that result from the District's operating activities, investing activities, and financing for the years ended June 30, 2013 and 2012. The General Fund activities include the activities of the District. The Special revenue Fund activities include the activities of various Federal, state and local grant.

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

**Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**Statement of Net Assets** (Continued)

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 net assets of the District increased to \$3,222,087 in FY 2013 from \$3,156,823 in FY 2012. Total net assets of the District increased to \$3,156,823 in FY 2012 from \$3,037,000 in FY 2011.

Following is a comparison of the summarized financial position, net assets, and capital assets of the District at June 30, 2013, 2012, and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>			
Cash	\$ 2362	\$ 2,121	\$ 2,341
Accounts Receivable	571	574	418
Due from Other Fund	123	263	110
Other Assets			
Capital Assets, Net	<u>166</u>	<u>179</u>	<u>168</u>
Total Assets	<u>\$3,222</u>	<u>\$3,137</u>	<u>\$ 3,037</u>
<b>Liabilities</b>			
Accounts Payable	\$ 614	523	409
Due to Other Fund	124	263	110
Deferred Revenue	<u>1602</u>	<u>1,414</u>	<u>1,690</u>
Total Liabilities	<u>\$ 2340</u>	<u>\$ 2200</u>	<u>\$ 2,209</u>
<b>Net Assets</b>			
Investment in Capital Assets	166	898	168
Board Designated	44	(2)	(4)
Unrestricted	<u>794</u>	<u>493</u>	<u>665</u>
Total Net Assets	<u>\$1,004</u>	<u>\$1,389</u>	<u>\$828</u>

Revenues includes Federal and state grants that are renewable each year. These revenues decreased by \$128 thousand in 2013 and decreased \$1.01 million in 2012. 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 2013, operating expenses decreased by \$164,000 due to a decrease in pass-through grants.

**Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**Statement of Net Assets (Continued)**

All other operating expense experienced slight decreases. In FY 2012, operating expenses increased by \$697,000 due to a \$941,000 increase in pass-through. All other operating expense experienced slight decreases. All other operating expenses remained consistent with the previous year.

**Statement of Revenues, Expenses, and Changes in Net Assets**

Following is a comparison of operating results for the years ended June 30, 2013, 2012, and 2011:

Operating Results for the Years Ended June 30 (in thousands)			
	2013	2012	2011
Operating Revenues			
Federal Grants	\$ 1787	\$ 1,733	\$ 1,427
State Grants	3910	4,150	5,500
Local Grants	421	346	345
Other	60	59	58
Total	\$ 6,178	\$ 6,288	\$ 7,330
Operating Expenses			
Pass-through Grants	\$ 4911	\$ 5,176	\$ 6,051
Wages	432	434	482
Contract labor	162	151	162
Fringe Benefits	130	107	162
Indirect Costs	197	198	229
Other	105	104	217
Total	\$ 5937	\$ 6,170	\$ 7,303
Net Assets			
Investment in Capital Assets	166		168
Board Designated	44		(4)
Unrestricted	794		665
		\$ 898	828
Increase in Net Assets	\$ 61	\$ 70	\$ 27
Net Assets at Beginning of Year	\$ 899	\$ 828	\$ 801
Net Assets at end of Year	\$ 960	\$ 898	\$ 828

**Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**Statement of Cash Flows**

This statement is used to determine the District'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, 2013, 2012, and 2011:

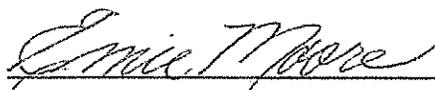
Cash Flows for the Years Ended June 30  
(in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash Provided (Used) by			
Operating Activities	\$ 250	\$ (200)	\$ (694)
Financing Activities	-	-	-
Investing Activities	-	(26)	-
Net Increase (Decrease) in cash	250	(241)	1212
Cash at beginning of Year	<u>\$ 2,112</u>	<u>\$ 2,341</u>	<u>\$ 3,035</u>
Cash at End of Year	<u>\$ 2,362</u>	<u>\$ 2,100</u>	<u>\$ 2,341</u>

**Conclusion**

Eastern Oklahoma Development District begins the next fiscal year with cautious optimism. Currently, it appears FY2014 Budget Year will be a repeat of last year's funding revenue with a relatively flat budget. The ongoing Federal Budget battle has the potential to have a negative impact and lead to a decrease in federal and state grants. The District continues to look for ways to improve operating efficiencies and locate new revenues. Through comprehensive planning, program prioritization, prudent budgeting and tough decision making, the District is positioned to continue its commitment to changing lives throughout Eastern Oklahoma.

Respectively submitted,

  
Ernie Moore, Executive Director

**Eastern Oklahoma Development District**  
**Statements of Financial Position – Proprietary Fund**  
**June 30, 2013 and 2012**

	2013		
	General Revenue Fund	Special Revenue Fund	Building Trust
<b>Assets</b>			
Cash and cash equivalents	\$ 692,623	\$ 1,611,840	\$ 57,231
Accounts receivable	300	570,236	—
Due from other fund	123,390	—	—
Prepaid expenses	227	—	—
Property and equipment, net	<u>1,277</u>	<u>978</u>	<u>163,985</u>
<b>Total Assets</b>	<b><u>\$ 817,817</u></b>	<b><u>\$ 2,183,054</u></b>	<b><u>\$ 221,216</u></b>
<b>Liabilities and Net Assets</b>			
Accounts payable	\$ 161	\$ 461,363	\$ —
Due to other fund	—	73,390	50,000
Accrued expenses	29,554	—	—
Deferred revenue	<u>—</u>	<u>1,602,427</u>	<u>—</u>
Total Liabilities	<u>29,715</u>	<u>2,137,180</u>	<u>50,000</u>
<b>Net Assets</b>			
Unrestricted			
Undesignated	786,825	100	7,231
Board designated	—	44,796	—
Invested in capital assets	<u>1,277</u>	<u>978</u>	<u>163,985</u>
Total Net Assets	<u>788,102</u>	<u>45,874</u>	<u>171,216</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 817,817</u></b>	<b><u>\$ 2,183,054</u></b>	<b><u>\$ 221,216</u></b>



**Eastern Oklahoma Development District**  
**Statements of Financial Position – Proprietary Fund**  
**June 30, 2013 and 2012**

	2012		
	General Revenue Fund	Special Revenue Fund	Building Trust
<b>Assets</b>			
Cash and cash equivalents	\$ 680,963	\$ 1,382,501	\$ 48,689
Accounts receivable	—	573,731	—
Due from other fund	167,345	96,104	—
Prepaid expenses	227	—	—
Property and equipment, net	<u>3,519</u>	<u>4,362</u>	<u>170,851</u>
<b>Total Assets</b>	<b><u>\$ 852,054</u></b>	<b><u>\$ 2,056,698</u></b>	<b><u>\$ 219,540</u></b>
<b>Liabilities and Net Assets</b>			
Accounts payable	\$ 6	\$ 523,013	\$ —
Due to other fund	96,104	117,345	50,000
Accrued expenses	28,945	—	—
Deferred revenue	—	1,414,171	—
Total Liabilities	<u>125,055</u>	<u>2,054,529</u>	<u>50,000</u>
<b>Net Assets</b>			
Unrestricted			
Undesignated	3,519	100	1,311
Board designated	—	(2,293)	—
Invested in capital assets	<u>723,480</u>	<u>4,362</u>	<u>168,229</u>
Total Net Assets	<u>726,999</u>	<u>2,169</u>	<u>169,540</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 852,054</u></b>	<b><u>\$ 2,056,698</u></b>	<b><u>\$ 219,540</u></b>



**Eastern Oklahoma Development District**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Balances – Proprietary Fund**  
**For the Years Ended June 30, 2013 and 2012**

	2013		
	General Revenue Fund	Special Revenue Fund	Building Trust
<b>Revenues and Gains</b>			
Federal grants	\$ —	\$ 1,787,030	\$ —
State grants	—	3,910,088	—
Local grants	123,168	297,507	—
Rent	—	—	11,367
Interest	2,280	7,092	150
Matching Revenue	—	50,953	—
Other Revenue	—	—	—
Total Revenues and Gains	<u>125,448</u>	<u>6,052,670</u>	<u>11,517</u>
<b>Expenses and Losses</b>			
Pass-through grants	—	4,910,684	—
Staff program wages	7,252	424,749	—
Contract labor	—	162,130	—
Fringe benefits	—	130,484	—
Indirect costs	—	197,160	—
Matching expense	50,952	—	—
Travel	—	53,875	—
Respite	—	27,416	—
Depreciation	2,242	3,384	6,866
Other expenses	3,899	99,083	2,975
Total Expenses and Losses	<u>64,345</u>	<u>6,008,965</u>	<u>9,841</u>
<b>Net Change in Net Assets</b>	<u>61,103</u>	<u>43,705</u>	<u>1,676</u>
<b>Net Assets, Beginning of Year</b>	<u>726,999</u>	<u>2,169</u>	<u>169,540</u>
<b>Net Assets, End of Year</b>	<u>\$ 788,102</u>	<u>\$ 45,874</u>	<u>\$ 171,216</u>



**Eastern Oklahoma Development District**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Balances – Proprietary Fund**  
**For the Years Ended June 30, 2013 and 2012**

	2012		
	General Revenue Fund	Special Revenue Fund	Building Trust
<b>Revenues and Gains</b>			
Federal grants	\$ —	\$ 1,732,645	\$ —
State grants	—	4,095,759	—
Local grants	137,600	208,478	—
General Revenue	—	—	13,000
Rent	3,172	12,707	400
Interest	(2,760)	2,760	—
Matching Revenue	—	113,558	—
Total Revenues and Gains	<u>138,012</u>	<u>6,165,907</u>	<u>13,400</u>
<b>Expenses and Losses</b>			
Pass-through grants	—	5,176,536	—
Staff program wages	28,784	404,921	—
Contract labor	—	151,172	—
Fringe benefits	—	107,420	—
Indirect costs	—	197,985	—
Matching expense	—	—	—
Travel	—	52,606	—
Respite	—	4,595	—
Depreciation	3,123	5,123	6,977
Other expenses	28,754	65,517	10,173
Total Expenses and Losses	<u>60,661</u>	<u>6,168,875</u>	<u>17,150</u>
<b>Net Change in Net Assets</b>	<u>77,351</u>	<u>(2,968)</u>	<u>(3,750)</u>
<b>Net Assets, Beginning of Year,</b>	<u>649,648</u>	<u>5,137</u>	<u>173,290</u>
<b>Net Assets, End of Year</b>	<u>\$ 726,999</u>	<u>\$ 2,169</u>	<u>\$ 169,540</u>



**Eastern Oklahoma Development District  
Statements of Cash Flows – Proprietary Fund  
For the Years Ended June 30, 2013 and 2012**

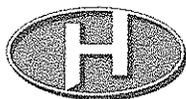
	2013		
	General Revenue Fund	Special Revenue Fund	Building Trust
<b>Cash Flows from Operating Activities</b>			
Increase (decrease) in net assets	\$ 61,103	\$ 43,705	\$ 1,676
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Depreciation	2,242	3,384	6,866
Changes in			
Accounts receivable	(300)	3,495	—
Amounts due between funds	(52,088)	52,088	—
Prepaid expenses	—	—	—
Unearned revenue	—	188,256	—
Accrued expenses	609	—	—
Accounts payable	155	(61,589)	—
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>11,721</u>	<u>229,339</u>	<u>8,542</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Fixed Assets	—	—	—
<b>Net Cash used in Investing Activity</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>11,721</u>	<u>229,339</u>	<u>8,542</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>680,963</u>	<u>1,382,501</u>	<u>46,689</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 692,684</u>	<u>\$ 1,611,840</u>	<u>\$ 55,231</u>



**Eastern Oklahoma Development District  
Statements of Cash Flows – Proprietary Fund  
For the Years Ended June 30, 2013 and 2012**

(Continued)

	2012		
	General Revenue Fund	Special Revenue Fund	Building Trust
<b>Cash Flows from Operating Activities</b>			
Increase (decrease) in net assets	\$ 77,351	\$ (2,969)	\$ (3,750)
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Depreciation	3,123	5,124	6,977
Changes in			
Accounts receivable	(57,053)	(155,820)	—
Amounts due between funds	96,104	(39,051)	—
Prepaid expenses	—	—	
Unearned revenue	—	(275,536)	—
Accrued expenses	(6,962)	—	—
Accounts payable	(91)	150,092	—
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>112,472</u>	<u>(318,160)</u>	<u>3,227</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Fixed Assets	—	—	(26,015)
<b>Net Cash used in Investing Activity</b>	<u>—</u>	<u>—</u>	<u>(26,015)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>112,472</u>	<u>(318,160)</u>	<u>(22,788)</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>568,491</u>	<u>1,700,661</u>	<u>71,477</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 680,963</u>	<u>\$ 1,382,501</u>	<u>\$ 48,689</u>



**Eastern Oklahoma Development District**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1: Summary of Significant Accounting Policies**

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

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

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

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

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

**Discretely Presented Component Unit**

Eastern Oklahoma Development District, a Trust Eastern Oklahoma Development District (the Building Trust Eastern Oklahoma Development District) is a trust, which was created to own the building used to house the operations of the Organization. The Organization rents the building on a monthly basis from the Building Trust Eastern Oklahoma Development District. The Building Trust Eastern Oklahoma Development District was formed on October 27, 1994 and purchased the facilities at 1012 N. 38<sup>th</sup> 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, 2013 and 2012**

**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 \$2,361,694 and \$2,112,153 as of June 30, 2013 and 2012, respectively, were invested with a major local financial institution in a sweep repo account, which invests in treasury obligations.

**Deposits and Investments**

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

**Investments**

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

**Land, Building, and Equipment**

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

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



**Eastern Oklahoma Development District**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Annual Budget**

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

**Allocated Expenses**

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

**Concentrations of Credit Risk**

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

**Management Estimates**

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

**Subsequent Events**

Subsequent events have been evaluated through September 4, 2013, which is the date the financial statements were issued.



**Eastern Oklahoma Development District**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 2: Cash and Investments**

Deposits with banks and financial institutions are carried at cost. 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, 2013. 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, 2013 consisted of the following:

Type of Deposits	June 30, 2013				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
<i>Demand Deposits</i>					
General Fund	\$ 2,394,072	\$ 250,000	\$ 2,144,072	\$ —	\$ 2,304,463
Special Revenue Fund		—		—	
Building Trust Eastern Oklahoma Development Dist.	<u>57,231</u>	<u>57,231</u>	<u>—</u>	<u>—</u>	<u>\$ 57,231</u>
Total Deposits	<u>\$ 2,451,303</u>	<u>\$ 307,231</u>	<u>\$ 2,144,072</u>	<u>\$ —</u>	<u>\$ 2,361,694</u>

A summary of the deposits at June 30, 2012 consisted of the following:

Type of Deposits	June 30, 2012				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
<i>Demand Deposits</i>					
General Fund	\$ 1,032,123	\$ 250,000	\$ 782,123	\$ —	\$ 680,963
Special Revenue Fund	1,378,817	—	1,378,817	—	1,382,501
Building Trust Eastern Oklahoma Development Dist.	<u>48,689</u>	<u>48,689</u>	<u>—</u>	<u>—</u>	<u>\$ 48,689</u>
Total Deposits	<u>\$ 2,459,629</u>	<u>\$ 298,689</u>	<u>\$ 2,160,940</u>	<u>\$ —</u>	<u>\$ 2,112,153</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, 2013.



**Eastern Oklahoma Development District**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**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, 2013 were as follows:

	<b>Amount</b>
Due to Special Revenue Funds from General Funds	\$ 73,390
Due to General Funds from Special Revenue Funds	\$ (73,390)
Due to General Funds from Building Trust Eastern Oklahoma Development District	50,000
Due to Building Trust Eastern Oklahoma Development District from General Funds	(50,000)

Interfund balances at June 30, 2012 were as follows:

	<b>Amount</b>
Due to Special Revenue Funds from General Funds	\$ 117,345
Due to General Funds from Special Revenue Funds	\$ (117,345)
Due to General Funds from Building Trust Eastern Oklahoma Development District	50,000
Due to Building Trust Eastern Oklahoma Development District from General Funds	(50,000)

**Note 5: Fixed Assets**

A summary of changes in fixed assets for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
<b><u>General Fund</u></b>				
Building Improvements	\$ 1,900	\$ —	\$ —	\$ 1,900
Furniture and equipment	23,815	—	—	23,815
Total Historical Cost	<u>25,715</u>	<u>—</u>	<u>—</u>	<u>25,715</u>
Building Improvements	(1,499)	(127)	—	(1,626)
Furniture and equipment	(20,697)	(2,115)	—	(22,812)
Total Accumulated Depreciation	<u>(22,196)</u>	<u>(2,242)</u>	<u>—</u>	<u>(24,438)</u>
Grand Total	<u>\$ 3,519</u>	<u>\$ (2,242)</u>	<u>\$ —</u>	<u>\$ 1,277</u>



**Eastern Oklahoma Development District**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 5: Fixed Assets (con't)**

A summary of changes in fixed assets for the year ended June 30, 2013, is as follows:

**Special Revenue Fund**

Building	\$ —	\$ —	\$ —	\$ —
Furniture and equipment	<u>41,299</u>	<u>—</u>	<u>—</u>	<u>41,299</u>
Total Historical Cost	<u>41,299</u>	<u>—</u>	<u>—</u>	<u>41,299</u>
Building	—	—	—	—
Furniture and equipment	<u>(36,937)</u>	<u>(3,384)</u>	<u>—</u>	<u>(40,321)</u>
Total Accumulated Depreciation	<u>(36,937)</u>	<u>(3,384)</u>	<u>—</u>	<u>(40,321)</u>
Grand Total	<u>\$ 4,362</u>	<u>\$ (3,384)</u>	<u>\$ —</u>	<u>\$ 978</u>

A summary of changes in fixed assets for the year ended June 30, 2012, is as follows:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>
<b><u>General Fund</u></b>				
Building Improvements	\$ 1,900	\$ —	\$ —	\$ 1,900
Furniture and equipment	<u>23,815</u>	<u>—</u>	<u>—</u>	<u>23,815</u>
Total Historical Cost	<u>25,715</u>	<u>—</u>	<u>—</u>	<u>25,715</u>
Building Improvements	(1,372)	(2,996)	—	(4,368)
Furniture and equipment	<u>(17,701)</u>	<u>(127)</u>	<u>—</u>	<u>(17,828)</u>
Total Accumulated Depreciation	<u>(19,073)</u>	<u>(3,123)</u>	<u>—</u>	<u>(22,196)</u>
Grand Total	<u>\$ 6,642</u>	<u>\$ (3,123)</u>	<u>\$ —</u>	<u>\$ 3,519</u>
<b><u>Special Revenue Fund</u></b>				
Building	\$ —	\$ —	\$ —	\$ —
Furniture and equipment	<u>41,299</u>	<u>—</u>	<u>—</u>	<u>41,299</u>
Total Historical Cost	<u>41,299</u>	<u>—</u>	<u>—</u>	<u>41,299</u>
Building	—	—	—	—
Furniture and equipment	<u>(31,813)</u>	<u>(5,124)</u>	<u>—</u>	<u>(36,937)</u>
Total Accumulated Depreciation	<u>(31,813)</u>	<u>(5,124)</u>	<u>—</u>	<u>(36,937)</u>
Grand Total	<u>\$ 9,486</u>	<u>\$ (5,124)</u>	<u>\$ —</u>	<u>\$ 4,362</u>



**Eastern Oklahoma Development District**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**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 2013 and 2012 was \$16,343 and \$56,044, 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, 2013 and 2012, was \$11,000 and \$13,000, 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**

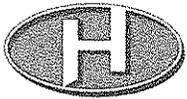
In the normal course of operations, the Organization participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed 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 Statement of Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2013**

	Masonic	EDA	EDA Disaster	Rural Fire	SHIP	Dept. of Comm.	CIP	Area Agency Aging	GIS 911	Adair 911	Caregiver
<b>Assets</b>											
Cash and cash equivalents	\$ 4,093	\$ 58,161	\$ --	\$ --	\$ 5,329	\$ --	\$ --	\$ --	\$ 213	\$ --	\$ --
Accounts receivable	--	--	--	11,875	1,878	3,030	--	318,147	--	--	15,118
Due from other fund	--	--	--	--	--	--	--	--	--	--	--
Property and equip., net	--	--	--	--	--	--	--	--	--	--	--
<b>Total Assets</b>	<u>4,093</u>	<u>58,161</u>	<u>--</u>	<u>11,875</u>	<u>7,207</u>	<u>3,030</u>	<u>--</u>	<u>318,147</u>	<u>213</u>	<u>--</u>	<u>15,118</u>
<b>Liabilities</b>											
Accounts payable	--	79	--	1,567	509	--	234	284,021	213	--	761
Due to other fund	--	6,097	--	7,833	--	3,030	--	31,087	--	--	14,357
Deferred Revenue	4,093	9,443	--	2,475	6,698	--	(234)	3,039	--	--	--
<b>Total Liabilities</b>	<u>4,093</u>	<u>15,619</u>	<u>--</u>	<u>11,875</u>	<u>7,207</u>	<u>3,030</u>	<u>--</u>	<u>318,147</u>	<u>213</u>	<u>--</u>	<u>15,118</u>
<b>Net Assets</b>											
Unrestricted	--	--	--	--	--	--	--	--	--	--	--
Undesignated	--	--	--	--	--	--	--	--	--	--	--
Board designated	--	42,542	--	--	--	--	--	--	--	--	--
Invested in capital assets	--	--	--	--	--	--	--	--	--	--	--
<b>Total Net Assets</b>	<u>\$ --</u>	<u>\$ 42,542</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



**Eastern Oklahoma Development District**  
**Combining Statement of Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2013**

(Continued)

	MIPPA	911	CENA	Dietitian	CDBG	REAP	Hazard Mitigation	Case Mgmt	Capital Assets	Elimination	Total Special Revenue Fund
<b>Assets</b>											
Cash and cash equivalents	\$	92	\$	\$	1,511,737	\$	—	\$	32,215	\$	1,611,840
Accounts receivable	—	82,935	25,414	2,760	6,000	96,107	—	6,972	—	—	570,236
Due from other fund	—	7	—	—	—	—	—	—	—	(7)	—
Property and equip., net	—	—	—	—	—	—	—	—	978	—	978
<b>Total Assets</b>	—	<u>83,034</u>	<u>25,414</u>	<u>2,760</u>	<u>6,000</u>	<u>1,607,844</u>	—	<u>39,187</u>	<u>978</u>	<u>(7)</u>	<u>2,183,054</u>
<b>Liabilities</b>											
Accounts payable	—	82,934	20,117	—	210	70,567	—	151	—	—	461,363
Due to other fund	—	—	5,297	2,760	2,936	—	—	—	—	(7)	73,390
Deferred Revenue	—	—	—	—	2,854	1,537,277	—	36,782	—	—	1,602,180
<b>Total Liabilities</b>	—	<u>82,934</u>	<u>25,414</u>	<u>2,760</u>	<u>6,000</u>	<u>1,607,844</u>	—	<u>36,933</u>	—	<u>(7)</u>	<u>2,137,180</u>
<b>Net Assets</b>											
Unrestricted	—	—	—	—	—	—	—	—	—	—	100
Undesignated	—	100	—	—	—	—	—	—	—	—	44,796
Board designated	—	—	—	—	—	—	—	2,254	—	—	—
Invested in capital assets	—	—	—	—	—	—	—	—	978	—	978
<b>Total Net Assets</b>	\$	<u>100</u>	\$	\$	\$	\$	\$	<u>2,254</u>	\$	<u>978</u>	\$
											<u>45,874</u>



**Eastern Oklahoma Development District**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2013**

	Masonic	EDA		Rural Fire	SHIP	Dept. of Comm.	CIP	Area		Caregiver	
		Disaster	On Aging					Agency On Aging	GIS 911		Adair 911
<b>Revenues</b>											
Federal grants	\$ ---	\$ 197,500	\$ ---	\$ ---	\$ 9,553	\$ ---	\$ ---	\$ 1,578,270	\$ ---	\$ ---	\$ 141,879
State grants	---	---	70,000	---	---	36,364	38,873	1,160,078	36,614	22,199	---
Local grants	107,344	---	---	---	---	---	---	---	---	---	---
Matching Revenue	---	6,548	---	---	---	(36,364)	5,463	29,816	30,046	---	---
Other	---	---	---	---	---	---	---	---	---	---	---
<b>Total Revenue</b>	<u>107,344</u>	<u>204,048</u>	<u>70,000</u>	<u>9,553</u>	<u>---</u>	<u>---</u>	<u>44,336</u>	<u>2,768,164</u>	<u>66,660</u>	<u>22,199</u>	<u>141,879</u>
<b>Expenses</b>											
Salaries	---	59,988	43,106	4,300	---	---	21,977	174,761	26,023	---	54,588
Contract Labor	---	---	---	---	---	---	---	16,670	756	---	---
Fringe Benefits	---	17,464	2,729	1,407	---	---	6,860	60,767	9,865	---	16,061
Indirect Costs	---	20,067	14,755	1,724	---	---	12,149	63,093	22,601	---	19,659
Travel	105	1,609	6,328	919	---	---	1,158	26,141	2,252	---	9,411
Depreciation	---	---	---	---	---	---	---	---	---	---	---
Other Expenses	1,883	47,831	3,082	1,203	---	---	2,192	14,791	5,163	---	14,744
Respite	---	---	---	---	---	---	---	---	---	---	---
Pass-through grants	105,356	10,000	---	---	---	---	---	2,411,941	---	22,199	27,416
<b>Total Expenses</b>	<u>107,344</u>	<u>156,959</u>	<u>70,000</u>	<u>9,553</u>	<u>---</u>	<u>---</u>	<u>44,336</u>	<u>2,768,164</u>	<u>66,660</u>	<u>22,199</u>	<u>141,879</u>
<b>Change in Net Assets</b>	---	<u>47,089</u>	---	---	---	---	---	---	---	---	---
<b>Net Assets, Beginning of Year</b>	---	(4,547)	---	---	---	---	---	---	---	---	---
<b>Net Assets, End of Year</b>	\$ ---	\$ <u>42,542</u>	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---



**Eastern Oklahoma Development District**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2013**

(Continued)

	MIPPA	911	CENA	Dietitian	CDBG	REAP	Other	Case Mgmt	Capital Assets	Elimination	Total Special Revenue Fund
<b>Revenues</b>											
Federal grants	\$ 1,706	\$ —	\$ —	\$ 32,752	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (174,631)	\$ 1,787,029
State grants	—	1,281,531	304,968	—	—	957,477	90	—	—	—	3,908,194
Local grants	—	—	—	—	—	—	—	128,966	—	—	236,310
Matching Revenue	—	—	—	—	—	—	15,444	—	—	—	50,953
Other	—	—	—	—	63,092	7,092	—	—	—	—	70,184
<b>Total Revenue</b>	<b>1,706</b>	<b>1,281,531</b>	<b>304,968</b>	<b>32,752</b>	<b>63,092</b>	<b>964,569</b>	<b>15,534</b>	<b>128,966</b>	<b>—</b>	<b>(174,631)</b>	<b>6,052,670</b>
<b>Expenses</b>											
Salaries	—	—	8,507	—	31,499	—	—	—	—	—	424,749
Contract Labor	—	—	—	32,156	—	—	14,865	97,683	—	—	162,130
Fringe Benefits	—	—	2,643	—	12,214	—	32	442	—	—	130,484
Indirect Costs	—	—	2,257	—	15,110	—	—	25,745	—	—	197,160
Travel	—	—	155	—	3,012	—	522	2,263	—	—	53,875
Depreciation	—	—	—	—	—	—	—	—	3,384	—	3,384
Other Expenses	1,706	—	1,687	596	1,257	—	115	2,833	—	—	99,083
Respite	—	—	—	—	—	—	—	—	—	—	27,416
Pass-through grants	—	1,281,531	289,719	—	—	964,569	—	—	—	(174,631)	4,910,684
<b>Total Expenses</b>	<b>1,706</b>	<b>1,281,531</b>	<b>304,968</b>	<b>32,752</b>	<b>63,092</b>	<b>964,569</b>	<b>15,534</b>	<b>128,966</b>	<b>3,384</b>	<b>(174,631)</b>	<b>6,008,965</b>
<b>Change in Net Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(3,384)</b>	<b>—</b>	<b>43,705</b>
<b>Net Assets, Beginning of Year</b>	<b>—</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,254</b>	<b>4,362</b>	<b>—</b>	<b>2,169</b>
<b>Net Assets, End of Year</b>	<b>\$ —</b>	<b>\$ 100</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,254</b>	<b>\$ 978</b>	<b>\$ —</b>	<b>\$ 45,874</b>



**Eastern Oklahoma Development District**  
**Combining Statement of Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2012**

	Masonic	EDA	EDA Disaster	Rural Fire	SHIP	Dept. of Comm.	CIP	Area Agency Aging	GIS 911	Adair 911	Caregiver
<b>Assets</b>											
Cash and cash equivalents	\$ 39,620	\$ 10,993	\$ ---	\$ ---	\$ 5,971	\$ ---	\$ 10,790	\$ ---	\$ 2,793	\$ 12,121	\$ ---
Accounts receivable	---	---	---	3,959	---	3,030	12,250	404,056	7,500	---	12,292
Due from other fund	---	---	---	---	---	---	---	---	---	---	---
Property and equip., net	---	---	---	---	---	---	---	---	---	---	---
<b>Total Assets</b>	<u>39,620</u>	<u>10,993</u>	<u>---</u>	<u>3,959</u>	<u>5,971</u>	<u>3,030</u>	<u>23,040</u>	<u>404,056</u>	<u>10,293</u>	<u>12,121</u>	<u>12,292</u>
<b>Liabilities</b>											
Accounts payable	4,172	6,097	---	147	---	---	---	347,672	---	---	242
Due to other fund	---	---	---	1,337	---	---	---	53,346	---	---	12,050
Deferred Revenue	35,448	9,443	---	2,475	5,971	3,030	23,040	3,039	10,293	12,121	---
<b>Total Liabilities</b>	<u>39,620</u>	<u>15,540</u>	<u>---</u>	<u>3,959</u>	<u>5,971</u>	<u>3,030</u>	<u>23,040</u>	<u>404,056</u>	<u>10,293</u>	<u>12,121</u>	<u>12,292</u>
<b>Net Assets</b>											
Unrestricted	---	---	---	---	---	---	---	---	---	---	---
Undesignated	---	---	---	---	---	---	---	---	---	---	---
Board designated	---	(4,547)	---	---	---	---	---	---	---	---	---
Invested in capital assets	---	---	---	---	---	---	---	---	---	---	---
<b>Total Net Assets</b>	<u>\$ ---</u>	<u>\$ (4,547)</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>



**Eastern Oklahoma Development District**  
**Combining Statement of Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2012**

(Continued)

	MIPPA	911	CENA	Dietitian	CDBG	REAP	Case Mgmt	Capital Assets	Elimination	Total Special Revenue Fund		
<b>Assets</b>												
Cash and cash equivalents	\$	2,113	\$	---	\$	33,726	\$	1,264,374	\$	---	\$	1,382,501
Accounts receivable	---	---	25,410	4,208	---	96,104	21,422	---	(16,500)	---	---	573,731
Due from other fund	---	---	---	---	---	96,104	---	---	---	---	---	96,104
Property and equip., net	---	---	---	---	---	---	---	4,362	---	---	---	4,362
<b>Total Assets</b>	---	<u>2,113</u>	<u>25,410</u>	<u>4,208</u>	<u>33,726</u>	<u>1,456,582</u>	<u>21,422</u>	<u>4,362</u>	<u>(16,500)</u>	---	---	<u>2,056,698</u>
<b>Liabilities</b>												
Accounts payable	---	2,013	14,077	---	---	165,093	---	---	(16,500)	---	---	523,013
Due to other fund	---	---	11,333	4,208	33,726	---	1,346	---	---	---	---	117,345
Deferred Revenue	---	---	---	---	---	1,291,489	17,822	---	---	---	---	1,414,171
<b>Total Liabilities</b>	---	<u>2,013</u>	<u>25,410</u>	<u>4,208</u>	<u>33,726</u>	<u>1,456,582</u>	<u>19,168</u>	---	<u>(16,500)</u>	---	---	<u>2,054,529</u>
<b>Net Assets</b>												
Unrestricted	---	---	---	---	---	---	---	---	---	---	---	---
Undesignated	---	100	---	---	---	---	---	---	---	---	---	100
Board designated	---	---	---	---	---	---	2,254	---	---	---	---	(2,293)
Invested in capital assets	---	---	---	---	---	---	---	4,362	---	---	---	4,362
<b>Total Net Assets</b>	\$	<u>100</u>	\$	---	\$	---	\$	<u>4,362</u>	\$	---	\$	<u>2,169</u>



**Eastern Oklahoma Development District**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2012**

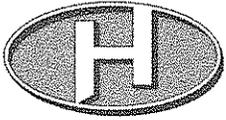
	Masonic	EDA	EDA	Disaster	EDA	Rural Fire	SHIP	Dept. of Comm.	CIP	Area Agency On Aging	GIS 911	Adair 911	Caregiver
<b>Revenues</b>													
Federal grants	\$	83,187	\$	9,248	\$	—	—	—	—	1,640,210	\$	—	\$ 75,104
State grants	—	—	—	70,000	—	36,364	—	—	—	1,182,036	94,516	—	—
Local grants	88,914	—	—	—	—	—	—	—	—	—	—	—	—
Matching Revenue	—	6,812	—	—	—	(36,364)	—	—	—	29,552	—	—	—
Other	—	—	—	456	—	—	—	—	54,021	—	—	—	—
<b>Total Revenue</b>	<u>88,914</u>	<u>89,999</u>	<u>—</u>	<u>70,456</u>	<u>—</u>	<u>9,248</u>	<u>—</u>	<u>—</u>	<u>54,021</u>	<u>2,851,798</u>	<u>94,516</u>	<u>—</u>	<u>75,104</u>
<b>Expenses</b>													
Salaries	—	47,998	—	41,236	—	5,271	—	—	23,712	181,389	38,240	—	30,767
Contract Labor	—	6,804	—	—	—	—	—	—	5	4,065	1,398	—	—
Fringe Benefits	—	7,379	—	4,361	—	2,248	—	—	11,239	44,993	14,213	—	—
Indirect Costs	6	23,072	—	14,147	—	1,672	—	—	11,925	63,102	28,281	—	9,231
Travel	153	984	—	8,691	—	56	—	—	3,261	27,924	3,852	—	15,401
Depreciation	—	—	—	—	—	—	—	—	—	—	—	—	3,134
Other Expenses	1,744	1,603	—	2,021	—	1	—	—	3,879	26,164	8,532	—	—
Respite	—	—	—	—	—	—	—	—	—	—	—	—	11,976
Pass-through grants	87,011	—	—	—	—	—	—	—	—	2,504,161	—	—	4,595
<b>Total Expenses</b>	<u>88,914</u>	<u>87,840</u>	<u>—</u>	<u>70,456</u>	<u>—</u>	<u>9,248</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,851,798</u>	<u>94,516</u>	<u>—</u>	<u>75,104</u>
<b>Change in Net Assets</b>	<u>—</u>	<u>2,159</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net Assets, Beginning of Year</b>	<u>—</u>	<u>(6,706)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net Assets, End of Year</b>	<u>\$</u>	<u>(4,547)</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>



**Eastern Oklahoma Development District**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Special Revenue Fund**  
**Year Ended June 30, 2012**

(Continued)

	MIPPA	911	CENA	Dietitian	CDBG	REAP	Case Mgmt	Capital Assets	Elimination	Total Special Revenue Fund
<b>Revenues</b>										
Federal grants	\$	\$	\$	\$ 49,840	\$	\$	\$	\$	\$ (124,944)	\$ 1,732,645
State grants		1,062,875	304,922			1,345,046				4,095,759
Local grants							119,564			208,478
Matching Revenue	2,760									2,760
Other					59,081	12,707				126,265
Total Revenue	2,760	1,062,875		49,840	59,081	1,357,753	119,564		(124,944)	6,165,907
<b>Expenses</b>										
Salaries			7,868		28,440					404,921
Contract Labor				47,760			91,140			151,172
Fringe Benefits			2,718		11,038					107,420
Indirect Costs			2,021		14,107		24,251			197,985
Travel			829		3,722					52,606
Depreciation								5,123		5,123
Other Expenses	2,760		1,810	2,080	1,774		4,173			68,517
Respite										4,595
Pass-through grants		1,062,879	289,676			1,357,753			(124,944)	5,176,536
Total Expenses	2,760	1,062,879	304,922	49,840	59,081	1,357,753	119,564		(124,944)	6,168,875
Change in Net Assets		(4)						(5,123)		(2,968)
Net Assets, Beginning of Year		104					2,254	9,485		5,137
Net Assets, End of Year	\$	\$ 100	\$	\$	\$	\$	\$ 2,254	\$ 4,362	\$	\$ 2,169



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*Strategic  
Business Advisors*

**Independent Auditors' 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 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 Eastern Oklahoma Development District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Eastern Oklahoma Development District's basic financial statements, and have issued our report thereon dated September 4, 2013.

**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 Eastern Oklahoma Development District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*File & Compare*

Tulsa, Oklahoma  
September 4, 2013



**Eastern Oklahoma Development District  
Schedule of Expenditures of Federal Awards  
June 30, 2013**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Expenditures
<b>U.S. Department of Health and Human Services</b>		
Special Programs for the Aging – Title VII	93.041	6,515
Special Programs for the Aging – Title III, Part D Preventive Health	93.043	26,411
Special Programs for the Aging – Title III, Part B Grants for Supportive Services and Senior Centers	93.044	410,475
Special Programs for the Aging – Title III, Part C-1 Nutrition Services	93.045	516,141
Special Programs for the Aging – Title III, Part C-2 Nutrition Services	93.045	259,529
Special Programs for the Aging – Title III, Part E Care Giver Support	93.052	126,183
Medicare Enrollment Assistance Program	93.071	9,553
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	1,706
USDA Area on the Aging	93.053	<u>233,016</u>
		<u>1,589,529</u>
<b>U.S. Department of Commerce</b>		
Economic Development Planning Assistance	11.301	<u>150,411</u>
		<u>\$ 1,739,940</u>



**Eastern Oklahoma Development District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2013 and 2012**

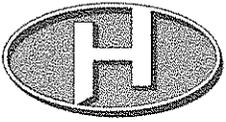
**Note 1: Basis of Presentation**

The schedule of expenditures of federal awards includes the federal awards activity of Eastern Oklahoma Development District (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented, in or used in the preparation of, the basic financial statements.

**Note 2: Subrecipients**

The Organization does provide U.S. Department of Health and Human Services awards to subrecipients for senior citizen programs.





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**Independent Auditors' Report on Compliance with Requirements  
that Could Have a Direct and Material Effect on Each Major Program  
and on Internal Control over Compliance in Accordance with OMB  
Circular A-133 and the Schedule of Expenditures of Federal Award**

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 Circular A-133 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, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance referred to above that could have a direct and material effect on a major 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, 2013.

### **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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sequoyah County Water Association'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, weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Eastern Oklahoma Development District as of and for the year ended June 30, 2013, and have issued our report thereon dated September 4, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Tulsa, Oklahoma  
September 4, 2013

*Hill & Company, PC*



**Eastern Oklahoma Development District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2013**

**Summary of Auditors' Results**

1. The opinion expressed in the independent accountants' report was:  
 Unqualified     Qualified     Adverse     Disclaimed
  
2. The independent accountants' report on internal control over financial reporting described:  
 Significant deficiency(ies) noted considered material weakness(es)?     Yes     No  
 Significant deficiency(ies) noted that are not considered to be a material weakness?     Yes     No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?     Yes     No
  
4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:  
 Significant deficiency(ies) noted considered material weakness(es)?     Yes     No  
 Significant deficiency(ies) noted that are not considered to be a material weakness?     Yes     No
  
5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:  
 Unqualified     Qualified     Adverse     Disclaimed
  
6. The audit disclosed findings required to be reported by OMB Circular A-133?     Yes     No
  
7. The District's major program was:

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



**Eastern Oklahoma Development District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

(Continued)

**Summary of Auditors' Results** (Continued)

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The District qualified as a low-risk auditee as that term is defined in OMB Circular A-133.  Yes  No

**Findings Required to be Reported by Government Auditing Standards**

No matters are reportable.

**Findings Required to be Reported by OMB Circular A-133**

No matters are reportable.



Eastern Oklahoma Development District  
Summary Schedule of Prior Audit Findings  
June 30, 2013

Findings Required to be Reported by OMB Circular A-133

No matters are reportable.

