Oklahoma Economic Development Authority

Report on Audit Of Financial Statements

June 30, 2012

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Oklahoma Economic Development Authority
Report on Audit of Financial Statements
June 30, 2012

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Ronald C. Cottrell, CPA

Independent Auditor's Report

December 3, 2012

Board of Trustees
Oklahoma Economic Development Authority
Beaver, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oklahoma Economic Development Authority as of and for the year ended June 30, 2012, which collectively comprise the Oklahoma Economic Development Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oklahoma Economic Development Authority's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oklahoma Economic Development Authority as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of Oklahoma Economic Development Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United State of America require that management's discussion and analysis on pages 3 through 9 and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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. The Oklahoma Economic Development Authority has not presented the budgetary comparison information for the general fund and major special revenue funds that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oklahoma Economic Development Authority's basic financial statements. The accompanying combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are 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 combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Ronald C. Cottrell, CPA

Oklahoma Economic Development Authority
Management's Discussion and Analysis
June 30, 2012

The following discussion and analysis of Oklahoma Economic Development Authority's (OEDA) financial performance provides an overview of OEDA's financial activities for the year ended June 30, 2012. Please read it in conjunction with OEDA's financial statements.

Financial Highlights

- The assets of Oklahoma Economic Development Authority exceeded its liabilities at the close of the year by $ 1,489,154 (net assets). Of this amount, $ 1,098,758 (unrestricted net assets) may be used to meet the government's ongoing obligations to members and creditors.

- As of the close of the current year the Oklahoma Economic Development Authority's governmental funds reported ending fund balances of $ 1,247,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Oklahoma Economic Development Authority's basic financial statements. OEDA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

This discussion and analysis of Oklahoma Economic Development Authority's annual audited financial statements, is required by Governmental Accounting Standards Board (GASB), Statement No. 34. The intent of this discussion is to give management's view and analysis of significant financial activities affecting the government during the fiscal year, along with comparative analysis of the government's financial activities from prior years.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad view of Oklahoma Economic Development Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Assets

The statement of net assets presents information on all of Oklahoma Economic Development Authority's assets and liabilities, with the difference between the two reported as net assets. You can think of OEDA's net assets as one way to measure the government's financial health, or financial position. Over time, increases or decreases in the government's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in Federal or State funding formulas, changes in law, stature of elected officials, and the health of local, state, and federal economies, to assess the overall health of OEDA.

The Statement of Activities

The statement of activities presents information showing how OEDA's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable and earned but unused vacation leave).

Governmental activities—All of OEDA's basic services and programs are reported here, including general government, employment and training, economic development, and aging services and various local community development contracts. Contracts with members and other governmental entities, as well as state and federal grants finance most of these activities. Indirect costs, which are reported as an internal service fund in the proprietary fund financial statements, are included with governmental activities in the government-wide financial statements since they serve those activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Oklahoma Economic Development Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with funding restrictions and other legal requirements. All of the funds of the Oklahoma Economic Development Authority are governmental funds, with the exception of its indirect cost pool which is reported as an internal service fund in the proprietary fund financial statements.

Governmental funds – Most of OEDA's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of OEDA's general operations and the basic services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financial decisions. The *governmental fund balance sheet* and the *governmental fund statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OEDA maintains numerous individual governmental funds; however, data from the various governmental funds are combined into a single, aggregated presentation. Information is presented for the combined funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Analysis of some significant individual fund data for these governmental funds is provided later in this report.

Proprietary funds – OEDA reports its indirect cost fund as an internal service fund which benefits all the other funds. OEDA does not have any other proprietary funds. In the government-wide statements, the indirect cost fund is included as part of the governmental activities.

The Organization as a Whole

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of Oklahoma Economic Development Authority's financial position. For the year ended June 30, 2012, OEDA's net assets increased to $ 1,489,154. This change in net assets occurs as revenues for the period exceeded expenses by $ 30,097.
The reasons for the increase in net assets include required advance draw downs for the Economic Development Administration (EDA) as well as other OEDA programs operating at a net increase for the program year.

Current assets (see Table 1) contain $ 1,060,832 of Rural Economic Action Plan funds which have been awarded, but for which projects are not yet completed. An offsetting liability (deferred revenue) is also recorded. Revenues will be recognized as the projects are funded.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal restrictions total $ 1,098,758. An additional portion of OEDA's net assets $ 115,529 (8%) represents resources that are subject to external restrictions on how they may be used. These restrictions apply to governmental activities such as aging services, economic development, and other grant based programs in which OEDA participates.

Table 1
Oklahoma Economic Development Authority's Net Assets
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Current assets	$ 2,605,853	$ 2,856,982
Capital and other	274,867	292,235
Total assets	2,880,720	3,149,217
Current liabilities	1,358,853	1,657,446
Long-term liabilities	32,713	32,714
Total liabilities	1,391,566	1,690,160
Net assets:		
Invested in capital assets, net of related debt	274,867	292,235
Restricted	115,529	72,343
Unrestricted	1,098,758	1,094,479
Total net assets	$ 1,489,154	$ 1,459,057

Governmental Activities

Total net assets as of June 30, 2011 were $ 1,459,057. For the year ended June 30, 2012, net assets increased by $ 30,097 to $ 1,489,154. Table 2 illustrates the change in net assets due to governmental activities. OEDA's four major governmental programs are displayed to provide additional detail for analysis.

The main cause for the increase in total net assets was required advance draw downs for the Economic Development Administration (EDA) as well as other OEDA programs operating at a net increase for the program year.

Table 2
Oklahoma Economic Development Authority's
Governmental Activities
Years Ended June 30, 2012 and 2011

	Governmental Activities						
	General Government	Employment And Training	Aging Services	Community Development	All Other Government	2012 Total	2011 Total
Program revenues:							
Charges for services	$ 28,558	$ -	$ 177,817	$ 243,044	$ 268,090	$ 717,509	$ 571,364
Grants/contributions	36,364	1,788,913	1,019,817	1,402,857	130,813	4,378,764	4,808,746
General revenues	21,992	-	-	2,873	-	24,865	59,515
Total revenues	86,914	1,788,913	1,197,634	1,648,774	398,903	5,121,138	5,439,625
Expenses:							
Direct program expenses	72,482	1,720,157	1,175,516	1,573,840	381,945	4,923,940	5,356,526
Indirect expense allocation	1,751	71,223	50,157	24,621	19,349	167,101	158,424
Total expenses	74,233	1,791,380	1,225,673	1,598,461	401,294	5,091,041	5,514,950
Changes in net assets:							
Net increase or (decrease)	$ 12,681	$ (2,467)	$ (28,039)	$ 50,313	$ (2,391)	$ 30,097	$ (75,325)

Financial Analysis of the Government's Funds

As noted earlier, OEDA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of OEDA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing OEDA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, OEDA's governmental funds reported combined ending fund balances of $ 1,247,000, an increase of $ 47,464 in comparison with the prior year. Approximately 91% of this total amount ($ 1,130,425) constitutes unassigned fund balance, which is available for spending at the entity's discretion. The remainder is designated for certain expenditures via restrictions or requirements of outside funding agencies.

The general fund is the chief operating fund of OEDA. As of June 30, 2012, unreserved fund balance in the general fund was $ 1,138,618. Fund balance in the general fund decreased by $ 73,370 during the year, primarily due to two of OEDA's programs being operated at a net loss for the program year. Funds were transferred out of the general fund to cover these deficits. Reserve funds have been set aside by the Oklahoma Economic Development Authority in order to maintain services during these funding reductions.

The remaining major governmental funds – employment and training, AAA, and REAP consist of grant funds received to be expended in accordance with the terms of the individual grants.

Proprietary funds. OEDA's only proprietary-type fund is an internal service fund used to account for its indirect costs which are allocated to the program funds.

Budgetary Highlights

As directed by Title 60, Oklahoma Statutes, Sections 176 et seq. OEDA (a public trust) is required to report, at least annually, the budget and financial condition of the trust to its beneficiaries. OEDA's by-laws require that staff "… annually prepare a budget for effective operation of the Authority and submit it for approval of the Trustees." Neither Oklahoma Statutes nor the trust by-laws require a legally binding budget; OEDA's budget is intended to be a guide for management of the trust to follow during day-to-day operations.

OEDA's budgetary process includes various stages. Budgets for most federal and state grants or contracts must be approved by the governmental agency providing funding regardless of board approval. Grant and contract budgets follow award periods, not necessarily the same as OEDA's fiscal year. Management develops annual budgets (and amendments) by department by grouping related grants and contracts for approval by the board of trustees. Staff reports financial activity with budgetary comparisons monthly to the board of trustees.

Compilation of OEDA's budget is based on management design of the Authority (by department) and doesn't necessarily follow a GASB 34 categorization. Due to the nature of OEDA's budgetary process and the complexity of the numerous budget periods, a complete budgetary comparison of OEDA is confusing and of little significance in evaluating the financial management of the trust, and, as such, no budgetary comparison is presented for the general fund or other major governmental funds.

Capital Asset and Debt Administration

Capital assets

As of June 30, 2012, OEDA had $ 274,867 invested in capital assets, which is a net decrease from the previous year of $ 292,235. Capital assets include maintenance vehicles and equipment, fire department vehicles and equipment, building improvements, computer equipment, software, and furniture.

There were no major capital asset additions during the current year.

Table 3
Oklahoma Economic Development Authority
Capital Assets
June 30, 2012 and 2011
(net of depreciation)

	Governmental Activities	
	2012	2011
Buildings	$ 244,727	$ 241,812
Vehicles	4,494	6,741
Equipment	25,646	43,682
Capital assets, net	$ 274,867	$ 292,235

See disclaimer in accompanying Independent Auditor's Report.

Additional information in OEDA's capital assets can be found in Note V.C. on page 23 of this report.

Long-term debt

At June 30, 2012, OEDA had total long-term obligations outstanding of $ 32,713 for accrued compensated absences.

Table 4
Oklahoma Economic Development Authority
Long-term Debt
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Compensated absences	$ 32,713	$ 32,713
Total long-term debt	$ 32,713	$ 32,713

Economic Factors and Funding Dependence

As noted previously in this discussion, the health of the State and Federal economies influences OEDA's overall health. Revenue shortfalls and subsequent budget reductions pose a risk to OEDA's various government funded grants and contracts. Management has tried to mitigate this risk by building an unrestricted reserve $ 1,000,000 and investing resources into strong local programs.

Contacting OEDA'S Financial Management

This financial report is designed to provide our members, district residents, government agencies, customers and creditors with a general overview of Oklahoma Economic Development Authority's finances and to show OEDA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Oklahoma Economic Development Authority's Executive Director, at Oklahoma Economic Development Authority, Post Office Box 668, Beaver, Oklahoma, 73932-0668, e-mail at oedaxdir@ptsi.net, or telephone us at 580-625-4531.

Oklahoma Economic Development Authority
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	$ 923,337
Investments	825,011
Receivables:	
Due from other governments	838,176
Prepaid expenses	19,329
Total current assets	2,605,853
Noncurrent assets:	
Capital assets, net of accumulated depreciation	274,867
Total noncurrent assets	274,867
Total assets	2,880,720
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	268,021
Deferred revenue	1,090,832
Total current liabilities	1,358,853
Noncurrent liabilities	
Accrued compensated absences	32,713
Total noncurrent liabilities	32,713
Total liabilities	1,391,566
Net Assets	
Invested in capital assets, net of related debt	274,867
Restricted by:	
Enabling legislation	-
Statute	-
Debt service	-
Contractual agreement	115,529
Unrestricted	1,098,758
Total net assets	$ 1,489,154

The accompanying notes are an integral part of these financial statements.

Oklahoma Economic Development Authority
Statement of Activities
Year Ended June 30, 2012

	Program Expenses		Program Revenues	
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions
Governmental activities				
General government	$ 72,482	$ 1,751	$ 28,558	$ 36,364
Employment and training	1,720,157	71,223	-	1,787,746
Aging services	1,175,516	50,157	177,817	1,019,817
Economic development	50,537	10,123	-	60,813
Rural fire defense	63,318	9,226	-	70,000
911 contracts	268,090	-	268,090	-
Community development	1,573,840	24,621	243,044	1,402,857
Total governmental activities	$ 4,923,940	$ 167,101	$ 717,509	$ 4,377,597

General revenues:
Miscellaneous
Interest and investment earnings
Total general revenues
Changes in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements.

Program Revenues	Net (Expense) Revenue and Changes in Net Assets
Capital Grants and Contributions	Governmental Activities
$ -	$ (9,311)
1,167	(2,467)
-	(28,039)
-	153
-	(2,544)
-	-
-	47,440
$ 1,167	$ 5,232
	$ 11,516
	13,349
	24,865
	30,097
	1,459,057
	$ 1,489,154

Oklahoma Economic Development Authority
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Employment & Training	Aging Services - AAA	REAP Funds
Assets				
Cash and cash equivalents	$ 283,267	$ (35,642)	$ (8,109)	$ 635,729
Investments	825,011	-	-	-
Receivables:				
Due from other governments	-	130,383	84,322	480,520
Due from other funds	30,489	-	-	-
Prepaid expenses	3,132	-	-	-
Total assets	$ 1,141,899	$ 94,741	$ 76,213	$ 1,116,249
Liabilities and fund equity				
Liabilities:				
Accounts payable and accrued expenses	$ 149	$ 69,284	$ 76,213	$ -
Due to other funds	-	30,489	-	-
Deferred revenue	-	-	-	1,060,832
Total liabilities	149	99,773	76,213	1,060,832
Fund balance:				
Nonspendable:				
Prepaid expenses	3,132	-	-	-
Restricted for:				
Contractual	-	-	-	55,417
Committed to:				
Aging services	-	-	-	-
Assigned to:	-	-	-	-
Aging services	-	-	-	-
Community development	-	-	-	-
Unassigned	1,138,618	(5,032)	-	-
Total fund balance	1,141,750	(5,032)	-	55,417
Total liabilities and fund balance	$ 1,141,899	$ 94,741	$ 76,213	$ 1,116,249

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
$ 46,307	$ 921,552
-	825,011
142,951	838,176
-	30,489
16,197	19,329
$ 205,455	$ 2,634,557

$ 120,590	$ 266,236
-	30,489
30,000	1,090,832
150,590	1,387,557

16,197	19,329
6,559	61,976
34,224	34,224
-	
617	617
429	429
(3,161)	1,130,425
54,865	1,247,000
$ 205,455	$ 2,634,557

Oklahoma Economic Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General Fund	Employment & Training	Aging Services - AAA	REAP Funds
Revenues				
Membership dues and assessments	$ 17,310	$ -	$ -	$ -
Intergovernmental	-	1,719,574	774,578	1,402,857
Charges for services	11,248	-	-	-
Interest	10,476	-	-	2,873
Other	11,516	-	-	-
Match revenue	-	69,339	10,799	-
Total revenues	50,550	1,788,913	785,377	1,405,730
Expenditures				
Current:				
General government	16,225	-	-	-
Employment and training	-	1,787,746	-	-
Aging services	-	-	785,377	-
Economic development	-	-	-	-
Rural fire defense	-	-	-	-
911 contracts	-	-	-	-
Community development	-	-	-	1,402,857
Capital outlay	21,350	1,167	-	-
Total expenditures	37,575	1,788,913	785,377	1,402,857
Excess of revenues over (under) expenditures	12,975	-	-	2,873
Other financing sources (uses)				
Transfers in	5,146	-	-	-
Transfers (out)	(91,491)	(5,146)	-	-
Total other financing sources (uses)	(86,345)	(5,146)	-	-
Net change in fund balances	(73,370)	(5,146)	-	2,873
Fund balance, beginning	1,215,120	114	-	52,544
Fund balance, ending	$ 1,141,750	$ (5,032)	$ -	$ 55,417

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
$ -	$ 17,310
366,424	4,263,433
688,951	700,199
-	13,349
45,992	57,508
47,608	127,746
1,148,975	5,179,545
(8,320)	7,905
-	1,787,746
458,399	1,243,776
155,876	155,876
72,544	72,544
268,090	268,090
170,770	1,573,627
-	22,517
1,117,359	5,132,081
31,616	47,464
91,491	96,637
-	(96,637)
91,491	-
123,107	47,464
(68,242)	1,199,536
$ 54,865	$ 1,247,000

Oklahoma Economic Development Authority
Reconciliation of Governmental Funds and Government-Wide Financial Statements
Year Ended June 30, 2012

Total fund balance - governmental funds	$ 1,247,000
Amounts reported for governmental activities in the statement of net assets are different because:	
Assets used in governmental activities are not financial resources, and therefore, are not reported as assets in the governmental funds.	
Capital assets, net of accumulated depreciation	274,867
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities consist of:	
Accrued compensated absences	(32,713)
Internal service funds are used to charge the costs of indirect expenses to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	-
Net assets of governmental activities	$ 1,489,154

Net change in fund balances – total governmental funds	$ 47,464
Adjustments for the statement of activities:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense.	
Acquisition of capital assets	22,518
Depreciation expense	(39,885)
Some expenses in the statement of activities do not require the use of current financial resources and, therfore, are not reported in governmental funds.	
Accrued compensated absences, net change	-
Internal service funds are used to charge the costs of indirect expenses to individual funds. The net revenues and expenses of the internal service funds are included in the governmental activities in the statement of net assets.	-
Change in net assets of governmental activities	$ 30,097

The accompanying notes are an integral part of these financial statements.

Oklahoma Economic Development Authority
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Internal Service Funds Indirect Cost
Assets	
Current assets:	
Cash and cash equivalents	$ 1,785
Total current assets	1,785
Noncurrent assets:	
Total noncurrent assets	-
Total assets	1,785
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	1,785
Total current liabilities	1,785
Noncurrent liabilities:	
Total noncurrent liabilities	-
Total liabilities	1,785
Net assets	
Unrestricted	-
Total net assets	$ -

The accompanying notes are an integral part of these financial statements.

Oklahoma Economic Development Authority
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Internal Service Funds
	Indirect Cost
Operating revenues	
Indirect recoveries	$ 167,101
Total revenues	167,101
Operating expenses	
General government	167,101
Total expenses	167,101
Net operating income (loss)	-
Other financing sources (uses)	
Transfers in	-
Transfers (out)	-
Total other financing sources (uses)	-
Net change in fund balances	-
Net assets, beginning	-
Net assets, ending	$ -

The accompanying notes are an integral part of these financial statements.

Oklahoma Economic Development Authority
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Internal Service Funds Indirect Cost
Cash flows from operating activities	
Receipts from programs	$ 167,101
Payments to suppliers	(95,248)
Payments to employees	(72,991)
Net cash provided (used) by operating activities	(1,138)
Cash flows from noncapital financing activities	
Net cash provided (used) by noncapital financing activities	-
Cash flows from capital and related financing activities	
Net cash provided (used) by capital and related financing activities	-
Cash flows from investing activities	
Net cash provided (used) by investing activities	-
Net increase (decrease) in cash and cash equivalents	(1,138)
Cash and cash equivalents, beginning	2,923
Cash and cash equivalents, ending	$ 1,785
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Net operating income (loss)	$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) accounts payable and accrued liabilities	(1,138)
Total adjustments	(1,138)
Net cash provided (used) by operating activities	$ (1,138)

The accompanying notes are an integral part of these financial statements.

Oklahoma Economic Development Authority
Notes to Financial Statements
June 30, 2012

I. Organization

Oklahoma Economic Development Authority (OEDA) was created under the Inter-Local Cooperation Act of the State of Oklahoma; Title 74 Oklahoma Statues, Supplement 1970, Section 1004(f). OEDA is governed by the articles of agreement adopted by its member governments and is not operated for a profit. Effective July 1, 1988, OEDA changed its form of organization to that of a trust authority under the provisions of Title 60, Oklahoma Statues, Section 176 et seq., as amended, the Oklahoma Trust Act, and other applicable statutes and laws of the State of Oklahoma. OEDA provides a practical and organized means by which government units and public agencies within the district (Dewey, Woods, Texas, Beaver, Cimarron, Ellis, Harper, and Woodward counties) may cooperate and coordinate their efforts to provide services, planning, and facilities for their populations.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying financial statements present OEDA and entities for which OEDA is considered to be financially accountable. The Authority's financial statements do not include any discretely-presented or blended component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, OEDA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by OEDA.

The Authority reports the following major governmental funds:

The general fund is OEDA's primary operating fund. It accounts for all financial resources of the general government, including revenues and expenditures applicable to the general operations of OEDA.

The AAA fund reports the activities related to a grant from the Oklahoma Department of Human Services for the Area Agency on Aging. It accounts for revenues from federal and state sources and the expenditures thereof related only to that grant.

The REAP funds report the activity related to grants from the Oklahoma State Auditor and Inspector and Oklahoma Department of Commerce for the Rural Economic Action Plan programs. These funds account for revenues and related expenditures of these funds related to the specific grant and year.

The Employment and Training fund reports the activities related to contracts with the Oklahoma Employment Security Commission and Oklahoma Department of Commerce to provide employment training services for adult, youth, dislocated workers, and senior citizens. Activities for the senior community service employment program, which provides services to adults 55 and older, are also reported here.

The Other Governmental Funds account for revenues received from federal and state grants and contracts, and the expenditures, thereof, as governmental funds. Grant and contract revenues and expenditures are segregated in the general ledger accounting system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and

contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all interest.

When both restricted and unrestricted resources are available for use, it is OEDA's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize OEDA to invest in obligations of the U.S. Treasury; time deposits with financial institutions, if such deposits are fully insured by federal depository insurance or pledged collateral; and debt securities issued by the State of Oklahoma, an Oklahoma county, school district, or municipality.

Investments for OEDA are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of allowance for uncollectibles, if applicable.

3. Inventories and prepaid items

Inventories are valued at cost and consist of expendable supplies held for consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include improvements, furniture and fixtures, and vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by OEDA as assets with an initial, individual cost of $ 1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	23
Vehicles	7
Furniture and equipment	5

5. Compensated absences

The Authority's policies permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued up to a maximum of twenty days when incurred in the government-wide financial statements. Sick leave may be accumulated up to a maximum of 45 days or 360 hours. A liability for vacation amounts is reported in governmental funds only if they have matures, for example, as a result of employee resignations and retirements.

6. Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

7. Fund balances and net assets

Fund balances – Governmental fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned as follows:

a. *Nonspendable* – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The entity's highest level of decision-making authority is made by ordinance.

d. *Assigned* – includes amounts that are constrained by the entity's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by board of trustees action or management decision when the city council has designated that authority.

e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the entity's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The entity's policy for the use of unrestricted fund balance amounts

require that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used.

Net assets – Net assets are displayed in three components as follows:

a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

b. *Restricted net assets* – consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. *Unrestricted net assets* – all other net assets that do not meet the definitions of "invested in capital assets, net of related debt" or "restricted".

It is the entity's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

8. Allocation of employee benefits and indirect costs

The Authority's employee benefits and indirect costs are allocated based upon actual expenditures to all grants in accordance with Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. The Authority's employee benefits are allocated to grant and other projects as a percentage of direct labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs charged to grants and other projects.

III. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Accrued compensated absences	$	32,713
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	$	32,713

Another difference concerns capital asset reporting. The cost of capital assets, net of accumulated depreciation, is reported on the government-wide statement of net assets, but not in the governmental fund statements since they are not financial resources. The details of this difference are as follows:

Capital assets, net of related accumulated depreciation	$	274,867
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	$	274,867

A final difference concerns the reporting of internal service funds. Internal service funds, which are used to charge the costs of indirect expenses to the individual funds, are reported as proprietary funds in the fund financial statements, while they are included with the governmental activities in the government-wide statements. The details of this difference are as follows:

Net assets of internal service funds	$ -
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at net assets – governmental activities	$ -

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Equipment purchases	$ 22,518
Depreciation expense	(39,885)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ (17,367)

Another element of that reconciliation states that the recognition of the liabilities for accrued compensated absences does not consume current financial resources of governmental funds. The details of this difference are as follows:

Increase in accrued compensated absences	$ -
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ -

One final element of the reconciliation states that the net revenues and expenses of internal service funds, which are used to charge the costs of indirect expenses to the individual funds, are included in the governmental activities in the statement of net assets. The details of this difference are as follows:

Net revenues and expenses of internal service funds	$ -
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ -

IV. Stewardship, compliance, and accountability

Budgetary information

The Authority operates each grant program under a budget approved by the funding agency. Not all grant periods coincide with the fiscal year of OEDA. As such, an overall budget to actual comparison has not been presented for the governmental funds. Individual comparisons on a contract period to date basis have been presented for each grant program as supplementary information.

V. Detailed notes on all funds

A. Deposits and investments

Deposits

OEDA's carrying amount of deposits was $ 919,632 as of June 30, 2012, and the bank balances totaled $ 1,050,192. Deposits are carried at cost.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, OEDA's deposits may not be returned to it. OEDA does not have a deposit policy for custodial credit risk. As of June 30, 2012, all of OEDA's bank balance was FDIC insured or collateralized.

Investments

As of June 30, 2012, OEDA had the following investments.

Investment	Maturities	Fair Value
Certificates of deposit	< 1 year	$ 518,985
Certificates of deposit	1 year < 2 years	306,026
Total		$ 825,011

Interest Rate Risk. OEDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes limit investments to the following: a) direct obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit within the state, and insured certificates only if out of state; c) savings accounts or savings certificates; d) fully collateralized prime banker acceptances, prime commercial paper, repurchase agreements, or SEC regulated money market funds; e) obligations to the payment of which the full faith and credit of the state is pledged; f) county, municipal, or school district and valorem tax funded debt; g) bonds, notes, or money judgments of a county, municipality, or school district; h) revenue anticipation notes of a public trust of which the municipality is beneficiary; or; i) any bond, note, or other debt of any public trust of which the municipality is sole beneficiary, or other entities whose governing boards were appointed by the municipality. OEDA has no investment policy that would further limit its investment choices. As of June 30, 2012, OEDA's investments in certificates of deposit were all federally insured.

Concentration of Credit Risk. OEDA places no limit on the amount it may invest in any one issuer. More than 5% of OEDA's investments are in certificates of deposit. These investments are 100% of OEDA's total investments.

B. Receivables

Receivables as of June 30, 2012, for the Oklahoma Economic Development Authority's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	Employment and Training	AAA	REAP	Nonmajor Government Funds	Total
Receivables:					
Accounts	$ -	$ -	$ -	$ -	$ -
Due from other governments	130,383	84,322	480,520	142,951	838,176
Less: allowance for uncollectibles	-	-	-	-	-
Net total receivables	$ 130,383	$ 84,322	$ 480,520	$ 142,951	$ 838,176

C. Capital assets

Capital asset balances and activities for the year ended June 30, 2012, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Buildings	$ 319,530	$ 17,350	$ -	$ 336,880
Vehicles	36,790	-	-	36,790
Equipment	151,960	5,167		157,127
Total capital assets, being depreciated	508,280	22,517		530,797
Less accumulated depreciation for:				
Buildings	(77,718)	(14,435)	-	(92,153)
Vehicles	(30,049)	(2,247)	-	(32,296)
Equipment	(108,278)	(23,203)	-	(131,481)
Total accumulated depreciation	(216,045)	(39,885)		(255,930)
Governmental activities capital assets, net	$ 292,235	$ (17,368)	$ -	$ 274,867

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 32,756
Employment and training	3,634
Aging services	3,495
Total depreciation expense – governmental activities	$ 39,885

D. Leases

Operating Leases – The Authority has entered into several operating lease agreements for office facilities. Rent expense during the year ended June 30, 2012 was $ 26,976. None of the agreements have a term past one year.

E. Deferred revenue

Deferred revenue represents advances on grants which have not been expended. REAP planning funds have been deferred until required to cover administrative expenses of the program, while REAP project funds are unexpended project funds related to projects not yet completed.

Deferred revenue for the year ended June 30, 2012 totaled $ 1,090,832, and included the following:

	Deferred Revenue June 30, 2012
REAP funds:	
2008 REAP funds	$ 43,049
2009 REAP funds	10,127
2010 REAP funds	82,027
2011 REAP funds	133,289
2012 REAP funds	792,340
Community development	30,000
Total REAP funds	$ 1,090,832

F. Long-term debt

As of June 30, 2012, Oklahoma Economic Development Authority did not have any outstanding debt.

G. Compensated absences

Permanent employees accrue vacation on a monthly basis at a rate equal to one-twelfth (1/12) of the total annual amount of accrued vacation, based on length of employment. Employees accrue twelve days per year up to five years of service, thirteen days during the sixth year, fourteen days in the seventh year, and fifteen days thereafter. Vacation may be accumulated up to a maximum of twenty days. Accrued vacation is paid to an employee when they end employment with OEDA. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation, compensatory time, holiday pay, and sick leave as follows:

Governmental activities:	$ 32,713
Total compensated absences	$ 32,713

As of June 30, 2012, the estimated liability for 1,661 hours accrued vacation was approximately $ 32,713. Sick leave of 2,969 hours had been earned as of June 30, 2012. Employees accrue ten hours of sick leave per month. Unused sick leave may accrue to a maximum of 45 days or 360 hours. Upon separation, no compensation is provided for accrued sick leave.

VI. Other information

A. Risk management

The Authority is exposed to various risks of loss related to torts, property damage, errors and omissions, and personal injury. The Authority has insurance for the major risks for OEDA such as property, general liability, worker's compensation, and unemployment. Commercial insurance is used to cover general liability claims and the risk of loss to OEDA's property and equipment.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts

already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although OEDA expects such amounts, if any, to be immaterial.

C. Employee retirement systems and pension plans

Oklahoma Economic Development Authority participates in a defined contribution plan. OEDA established a Section 457 deferred compensation plan during the year ended June 30, 2000, to which employees contributed $ 15,450 during the year ended June 30, 2012.

OEDA also provides retirement benefits in the form of a money purchase pension plan (the Plan). A money purchase pension plan is a defined contribution plan whereby all permanent, full-time employees are covered by the Plan after completion of one year of service and attainment of age 21. There were 17 employees actively participating in the Plan as of June 30, 2012.

Plan Description – Employees are eligible for participation in the Plan after attaining age 21 and 12 months of service in which they worked 1,000 hours or more. The Plan entry date is the first month after their one year anniversary. The employer's portion of contributions vests over six years at the following percentages depending on years of service:

Years of service	Vested percentage
0-1	None
2	20%
3	40%
4	60%
5	80%
6	100%

Normal retirement begins the first month after reaching the age of 65. An employee is eligible for early retirement upon attainment of age 55 an after completion of ten years of participation.

Employees are required to contribute 3.5% of their compensation while OEDA contributes 12.5% of compensation plus monthly contribution.

Funding Policy – Covered payroll for the year ended June 30, 2012, was $ 638,430, while total payroll aggregated $ 720,791. Employees contributed $ 22,345 to the Plan during the year, while OEDA's required contribution to the Plan for the year was $ 79,804.

Oklahoma Economic Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	State Appropriated	911 Wireless	EDA	Caregiver
Assets				
Cash and cash equivalents	$ (10,502)	$ 66,482	$ (10,576)	$ (935)
Receivables:				
Due from other governments	10,502	-	17,025	935
Prepaid expenses	-	-	-	-
Total assets	$ -	$ 66,482	$ 6,449	$ -
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 66,482	$ 10	$ -
Deferred revenue	-	-	-	-
Total liabilities	-	66,482	10	-
Fund balances				
Nonspendable:				
Prepaid expenses	-	-	-	-
Restricted for:				
Contractual	-	-	6,439	-
Committed to:				
Aging services	-	-	-	-
Assigned to:				
Aging services	-	-	-	-
Community development	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	6,439	-
Total liabilities and fund balances	$ -	$ 66,482	$ 6,449	$ -

Special Revenue

Rural Fire	Case Management	Community Development	Programs	CENA	SHL
$ (7,316)	$ (13,828)	$ (5,881)	$ (2,435)	$ (2,046)	$ -
7,917	15,604	40,434	-	49,654	-
-	-	-	16,197	-	-
$ 601	$ 1,776	$ 34,553	$ 13,762	$ 47,608	$ -
$ 481	$ 1,159	$ 4,124	$ 726	$ 47,608	$ -
-	-	30,000	-	-	-
481	1,159	34,124	726	47,608	-
-	-	-	16,197	-	-
120	-	-	-	-	-
-	-	-	-	-	-
-	617	-	-	-	-
-	-	429	-	-	-
-	-	-	(3,161)	-	-
120	617	429	13,036	-	-
$ 601	$ 1,776	$ 34,553	$ 13,762	$ 47,608	$ -

Oklahoma Economic Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	Masonic Charities	SHICP	MIPPA	Total Non-major Governmental
Assets				
Cash and cash equivalents	$ 34,224	$ (880)	$ -	$ 46,307
Receivables:				
Due from other governments	-	880	-	142,951
Prepaid expenses	-	-	-	16,197
Total assets	$ 34,224	$ -	$ -	$ 205,455
Liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 120,590
Deferred revenue	-	-	-	30,000
Total liabilities	-	-	-	150,590
Fund balances				
Nonspendable:				
Prepaid expenses	-	-	-	16,197
Restricted for:				
Contractual	-	-	-	6,559
Committed to:				
Aging services	34,224	-	-	34,224
Assigned to:				
Aging services	-	-	-	617
Community development	-	-	-	429
Unassigned	-	-	-	(3,161)
Total fund balances	34,224	-	-	54,865
Total liabilities and fund balances	$ 34,224	$ -	$ -	$ 205,455

Oklahoma Economic Development Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue			
	State Appropriated	911 Wireless	EDA	Caregiver
Revenues				
Intergovernmental	$ 36,364	$ -	$ 60,813	$ 14,573
Charges for services	-	268,090	-	-
Other	-	-	-	-
Match revenues	-	-	47,608	-
Total revenues	36,364	268,090	108,421	14,573
Expenditures				
Current:				
General government	2,791	-	-	-
Aging services	10,799	-	-	14,573
Economic development	22,774	-	108,268	-
Rural fire defense	-	-	-	-
911 contracts	-	268,090	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	36,364	268,090	108,268	14,573
Excess of revenues over (under) expenditures	-	-	153	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	153	-
Fund balance, beginning	-	-	6,286	-
Fund balance, ending	$ -	$ -	$ 6,439	$ -

Special Revenue					
Rural Fire	Case Management	Community Development	Programs	CENA	SHL
$ 70,000	$ -	$ -	$ -	$ 167,915	$ -
-	177,817	243,044	-	-	-
-	-	-	-	-	272
-	-	-	-	-	-
70,000	177,817	243,044	-	167,915	272
-	-	-	(11,111)	-	-
-	212,128	-	-	167,915	272
-	-	24,834	-	-	-
72,544	-	-	-	-	-
-	-	-	-	-	-
-	-	170,770	-	-	-
-	-	-	-	-	-
72,544	212,128	195,604	(11,111)	167,915	272
(2,544)	(34,311)	47,440	11,111	-	-
13,722	47,558	30,211	-	-	-
-	-	-	-	-	-
13,722	47,558	30,211	-	-	-
11,178	13,247	77,651	11,111	-	-
(11,058)	(12,630)	(77,222)	1,925	-	-
$ 120	$ 617	$ 429	$ 13,036	$ -	$ -

Oklahoma Economic Development Authority

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

(continued)

	Special Revenue			
	Masonic Charities	SHICP	MIPPA	Total Non-major Governmental
Revenues				
Intergovernmental	$ -	$ 12,022	$ 4,737	$ 366,424
Charges for services	-	-	-	688,951
Other	45,720	-	-	45,992
Match revenues	-	-	-	47,608
Total revenues	45,720	12,022	4,737	1,148,975
Expenditures				
Current:				
General government	-	-	-	(8,320)
Aging services	35,953	12,022	4,737	458,399
Economic development	-	-	-	155,876
Rural fire defense	-	-	-	72,544
911 contracts	-	-	-	268,090
Community development	-	-	-	170,770
Capital outlay	-	-	-	-
Total expenditures	35,953	12,022	4,737	1,117,359
Excess of revenues over (under) expenditures	9,767	-	-	31,616
Other financing sources (uses)				
Transfers in	-	-	-	91,491
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	91,491
Net change in fund balances	9,767	-	-	123,107
Fund balance, beginning	24,457	-	-	(68,242)
Fund balance, ending	$ 34,224	$ -	$ -	$ 54,865

Ronald C. Cottrell, CPA

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

December 3, 2012

Board of Trustees
Oklahoma Economic Development Authority
Beaver, Oklahoma

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oklahoma Economic Development Authority, as of and for the year ended June 30, 2012 which collectively comprise the Oklahoma Economic Development Authority's basic financial statements, and have issued our report thereon dated December 3, 2012. We did not audit management's discussion and analysis, which is required supplementary information, and therefore expressed no opinion on it. Budgetary comparison information, which is required supplementary information, has not been presented for the general fund and other major special revenue funds. 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.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oklahoma Economic Development Authority's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees and management of Oklahoma Economic Development Authority and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald C. Cottrell, CPA

Ronald C. Cottrell, CPA

Independent Auditor's 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

December 3, 2012

Board of Trustees
Oklahoma Economic Development Authority
Beaver, Oklahoma

Compliance

We have audited Oklahoma Economic Development Authority's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Oklahoma Economic Development Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Oklahoma Economic Development Authority's management. Our responsibility is to express an opinion on Oklahoma Economic Development Authority's compliance based on our audit.

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 noncompliance 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 Oklahoma Economic Development Authority'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. Our audit does not provide a legal determination on Oklahoma Economic Development Authority's compliance with those requirements.

In our opinion, Oklahoma Economic Development Authority complied, in all material respects, with the 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, 2012.

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Internal Control Over Compliance

Management of Oklahoma Economic Development Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oklahoma Economic Development Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 Oklahoma Economic Development Authority'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of trustees and management of Oklahoma Economic Development Authority and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald C. Cottrell, CPA

Oklahoma Economic Development Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
U. S. Department of Labor			
Pass-Through Program From:			
Oklahoma Department of Commerce -			
Workforce Investment Act (WIA) Cluster			
WIA Title I Adult	17.258	14608-NW-FY11-Adult	$ 28,499
		14610-NC-FY11-Adult	127,817
		14860 NW-PY11-WAS	6,030
		14933-NC-FY12-WASFY	124,163
		14935-NW-FY12-WASFY	67,340
		14858-NC-PY11-WAS	25,361
WIA Title I Youth	17.259	14639-NC-PY11-WYS	325,729
		14597-NW-PY10-WYS	16,808
		14641-NW-PY11-WYS	43,294
		14910-NC-PY10-WYS	8,375
		15054-NC-PY12-WYS	14,529
WIA Title I Dislocated Worker	17.278	14629-NC-PY10-WDW	83,115
		14605-NC-PY10-WDW	6,208
		14619-NW-FY11-WDWFY	44,877
		14621-NC-FY11-WDWFY	159,309
		14924-NW-FY12-WDWFY	24,590
		14849-NW-PY11-WDW	27,774
		15040-NC-FY12-RR-WDWFY	18,482
		15038-NW-FY12-RR-WDWFY	971
		14847-NC-PY11-WDW	41,803
		15039-NC-FY12-RR-WDWFY	2,500
		15027-NC-FY10-DLW RR	12,753
Subtotal WIA Cluster			1,210,327

The accompanying notes are an integral part of this schedule.

Oklahoma Economic Development Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
U.S. Department of Health and Human Services			
Pass-Through Program From:			
Oklahoma Insurance Department			
Senior Health Insurance Counseling Program (SHIP)	93.779	1NOCMS020208-19-00	6,600
Senior Medical Patrol (SMP)	93.048	90MP0082/01	3,000
		90MP0071/01	2,422
Subtotal Other Programs			37,549
Total U.S. Department of Health and Human Services			358,944
U.S. Department of Commerce			
Direct Program -			
Title II, Section 203 Planning Assistance:			
Continuation Planning (EDA)	11.302	08-83-03975	60,813
Total U.S. Department of Commerce			60,813
Total Expenditures of Federal Awards			$ 2,139,333

The accompanying notes are an integral part of this schedule.

Oklahoma Economic Development Authority
Schedule of Expenditures of State Awards
Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
STATE PROGRAMS			
Oklahoma Department of Commerce -			
Community Expansion of Nutrition Assistance		14698 CENA 12	$ 167,915
State Appropriated Funds		14767 SS 12	36,364
Rural Economic Action Plan		13454 REAP 09	119,282
		13888 REAP 10	53,640
		14455 REAP 11	818,052
		14776 REAP 12	358,111
Total Oklahoma Department of Commerce			1,553,364
State Auditor and Inspector -			
Rural Economic Action Plan		REAP 08	53,772
Total State Auditor and Inspector			53,772
Oklahoma Department of Agriculture, Food and Forestry -			
Fire and Safety Services/Rural Fire Defense		FY 11-12	70,000
Total Oklahoma Department of Agriculture, Food and Forestry			70,000
Oklahoma Department of Human Services -			
Aging Services			
Title III, Part B - Supportive Services		8309011552 FY 11-12	58,380
Part C - Congregate Meals		8309011552 FY 11-12	377,727
Part E - Caregiver Support		8309011552 FY 11-12	10,659
Title VII - Abuse Prevention		8309011552 FY 11-12	200
Total Oklahoma Department of Human Services			446,966
Total Expenditures of State Awards			$ 2,124,102

The accompanying notes are an integral part of this schedule.

Oklahoma Economic Development Authority
Notes to Schedules of Expenditures of Federal and State Awards
Year Ended June 30, 2012

I. Basis of accounting

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Oklahoma Economic Development Authority and are presented on the accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Expenditures

Expenditures represent current year federal and state grant/contract portion only.

III. Noncash awards

Oklahoma Economic Development Authority expended no form of noncash assistance during the year ended June 30, 2012, which are required by OMB Circular A-133 to be included in the schedule of expenditures of federal and state awards.

IV. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal and state awards, Oklahoma Economic Development Authority provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
U.S. Department of Health and Human Services		
Pass-Through Programs From:		
Oklahoma Department of Human Services -		
Special Program for the Aging – Title III		
Part B – Grants for Supportive Services and Senior Centers	93.044	$ 58,788
Part C – Nutrition Services	93.045	124,203
Part E – National Family Caregiver Support	93.052	10,930
Nutritional Services Incentive Program	93.053	77,325
Total U.S. Department of Health and Human Services		$ 271,246

Oklahoma Economic Development Authority
Summary Schedule of Prior Audit Findings

Financial Statement Findings

There were no matters reported.

Federal Award Findings and Questioned Costs

2011-1 – Allowable Costs

Temporary Assistance for Needy Families ARRA Summer Youth Employment Program; CFDA No. 93.714

Condition – Two (2) participants in the TANF funded summer youth employment program were placed by the Northwest Workforce Investment Board service provider at a worksite where the supervisors were paid with federal funds. This condition was noted by the OESC monitors.

Status – This condition has been resolved.

Oklahoma Economic Development Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditors report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
17.258 – 17.260	WIA Cluster
17.235	Title V, Senior Community Services Employment Program

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.