



REPORT ON AUDIT OF FINANCIAL STATEMENTS JUNE 30, 2014

Oklahoma Economic Development Authority
Report on Audit of Financial Statements
June 30, 2014

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Oklahoma Economic Development Authority
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Ronald C. Cottrell, CPA

Independent Auditor's Report

Board of Trustees
Oklahoma Economic Development Authority
Beaver, Oklahoma

Report on the Financial Statements

We have audited the accompanying 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, 2014, and the related notes to the financial statements, which collectively comprise Oklahoma Economic Development Authority'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 the 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 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Ronald C. Cottrell, CPA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oklahoma Economic Development Authority as of June 30, 2014, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-10 and 27-30 be presented to supplement the basic financial statements. Such information, although not a required 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 responses 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oklahoma Economic Development Authority's basic financial statements. The combining financial statements, schedule of indirect costs, schedule of expenditures of state awards, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining financial statements, schedule of indirect costs, schedule of expenditures of state awards, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the 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 financial statements, schedule of indirect costs, schedule of expenditures of state awards, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2014, 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,

Ronald C. Cottrell, CPA

regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oklahoma Economic Development Authority's internal control over financial reporting and compliance.

Ronald C. Cottrell, CPA

Ronald C. Cottrell, CPA
Kansas, Oklahoma
October 2, 2014

Oklahoma Economic Development Authority
Management's Discussion and Analysis
June 30, 2014

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, 2014. Please read it in conjunction with OEDA's financial statements.

Financial Highlights

Government-wide:

- ❖ The assets of Oklahoma Economic Development Authority exceeded its liabilities at the close of the year by \$ 1,346,147 (net position). Of this amount, \$ 1,002,986 (unrestricted net position) may be used to meet the government's ongoing obligations to members and creditors.
- ❖ Net position decreased by \$ 44,894. This decrease was primarily due to decreases in state and federal funding in the Area Agency on Aging (AAA), the need to supplement the Rural Fire Program, and the decrease in income in the Community Development Department.

Fund level:

- ❖ As of the close of the current year the Oklahoma Economic Development Authority's governmental funds reported ending fund balances of \$ 1,073,498, a decrease of \$ 91,576 from the previous year. Approximately \$ 966,637 or 90% is available for spending at OEDA's discretion (total of assigned and unassigned fund balances).
- ❖ The general fund's unassigned fund balance at June 30, 2014 was \$ 961,466 or 21% of total governmental fund expenditures for the year.

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.

Statement of net position – Presents information on all of Oklahoma Economic Development Authority's assets, liabilities, and deferred outflows/inflows (if any), with the difference reported as net position. You can think of OEDA's net position as one way to measure the government's financial health, or financial position. Over time, increases or decreases in the government's net position 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.

Statement of activities – Presents information showing how OEDA's net position 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.

Business-type activities – OEDA has no functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities) and has no component units.

The government-wide financial statements can be found on pages 11 and 12.

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. The fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. All of the funds of the Oklahoma Economic Development Authority are governmental funds, with the exception of the 911 wireless fund which is reported as an agency fund in the fiduciary 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 major funds as well as the combined non-major 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.

The governmental fund financial statements and a reconciliation of the fund financial statements with the government-wide financial statements are presented on pages 13 – 15.

Fiduciary funds – Used to account for resources held for the benefit of other parties outside of OEDA. These funds are not included in the government-wide financial statements because the resources are not available to support the operations of OEDA. OEDA utilizes one fiduciary fund that is an agency fund to account for 911 wireless fees collected and remitted to other entities. The fiduciary fund financial statements can be found on page 16.

Notes to the financial statements – The notes provide additional information that is essential to the understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 26.

Government-wide financial analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of Oklahoma Economic Development Authority's financial position. For the year ended June 30, 2014, OEDA's net position decreased to \$ 1,346,147. This change in net position occurred as expenses for the period exceeded revenues by \$ 44,894. The reasons for the decrease in net position include decreases in state and federal funding in the Area Agency on Aging (AAA), the need to supplement the Rural Fire Program, and the decrease in income in the Community Development Department.

A portion of OEDA's net position \$ 247,426 (18%) reflects its net investment in capital assets (cost of assets less accumulated depreciation and any related debt still outstanding). OEDA uses these capital assets to operate and provide services, therefore, these assets are not available for future spending.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal restrictions totals \$ 1,002,986. An additional portion of OEDA's net position (\$ 95,735 or 7%) 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.

The following table 1 presents the condensed statement of net position for the current and prior years:

Table 1
Oklahoma Economic Development Authority
Net Position
June 30, 2014 and 2013

	Governmental Activities		Total Percentage Change
	2014	2013	
Current assets	\$ 2,594,719	\$ 2,596,658	(0.10%)
Capital assets	247,426	249,990	(1.00%)
Total assets	2,842,145	2,846,648	(0.20%)
Current liabilities	1,479,871	1,431,584	3.40%
Long-term liabilities	16,127	24,023	(32.90%)
Total liabilities	1,495,998	1,455,607	2.80%
Net assets:			
Net investment in capital assets	247,426	249,990	(1.00%)
Restricted	95,735	131,217	(27.00%)
Unrestricted	1,002,986	1,009,834	(0.70%)
Total net position	\$ 1,346,147	\$ 1,391,041	(3.20%)

Total net position as of June 30, 2013 was \$ 1,391,041. For the year ended June 30, 2014, net position decreased by \$ 44,894 to \$ 1,346,147. Table 2 illustrates the change in net position due to governmental activities. OEDA's four major governmental programs are displayed to provide additional detail for analysis.

The main cause for the decrease in total net position were decreases in state and federal funding in the Area Agency on Aging (AAA), the need to supplement the rural Fire Program, and the decrease in income in the Community Development Department.

Table 2
Oklahoma Economic Development Authority
Changes in Net Position
Years Ended June 30, 2014 and 2013

	Governmental Activities						
	General Government	Employment And Training	Aging Services	Community Development	All Other Government	2014 Total	2013 Total
Program revenues:							
Charges for services	\$ 11,248	\$ -	\$ -	\$ 143,743	\$ -	\$ 154,991	\$ 320,110
Grants/contributions	1,156	1,972,884	995,243	1,123,082	155,086	4,247,451	4,089,663
General revenues	44,464	-	-	-	-	44,464	40,805
Total revenues	56,868	1,972,884	995,243	1,266,825	155,086	4,446,906	4,450,578
Expenses:							
Direct program expenses	18,739	1,910,101	980,015	1,291,987	129,876	4,330,718	4,391,477
Indirect expense allocation	714	59,885	28,389	44,056	28,038	161,082	157,212
Total expenses	19,453	1,969,986	1,008,404	1,336,043	157,914	4,491,800	4,548,689
Changes in net position:							
Net increase or (decrease)	\$ 37,415	\$ 2,898	\$ (13,163)	\$ (69,218)	\$ (2,828)	\$ (44,894)	\$ (98,111)

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, unassigned 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 \$ 1,073,498, a decrease of \$ 91,576 in comparison with the prior year. Approximately 89% of this total amount (\$ 957,984) constitutes unassigned fund balance, which is available for spending at OEDA's discretion. The remainder is designated for certain expenditures via restrictions or requirements of outside funding agencies, or assignments by OEDA's governing board. Assignments reflect the Board's self-imposed limitations on the use of otherwise available current financial resources and are subject to change. \$ 8,653 has been assigned for use as match on economic development projects and the public safety program. The remainder of fund balance is not available for new spending because it is restricted per grant and contract agreements (\$ 87,202), or is unspendable because it consists of prepaid items.

The general fund is the chief operating fund of OEDA. As of June 30, 2014, unassigned fund balance in the general fund was \$ 961,466. Fund balance in the general fund decreased by \$ 83,100 during the year, primarily due to transfers to other funds to supplement operations in the Area Agency on Aging (AAA), Rural Fire, and Community Development programs.

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.

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.

The differences between the budget and actual revenues and expenditures can be summarized as follows:

- ❖ Certain revenues were expected to increase; however, due to decreases in funding in certain programs, these increases were not realized.
- ❖ Award periods differ from OEDA's fiscal year, therefore, revenues may be available but expenditures will be in another reporting period.

Capital Asset and Debt Administration

Capital assets

As of June 30, 2014, OEDA had \$ 247,426 invested in capital assets, net of accumulated depreciation, which is a net decrease from the previous year of \$ 2,563. Capital assets include maintenance vehicles and equipment, fire department vehicles and equipment, building improvements, computer equipment, software, and furniture.

Major capital asset additions during the current year included the following:

- ❖ Upgrades in computer hardware and software.
- ❖ Replacement of air conditioning unit.

Table 3
Oklahoma Economic Development Authority
Capital Assets
June 30, 2014 and 2013
 (net of depreciation)

	Governmental Activities	
	2014	2013
Buildings	\$ 215,857	\$ 230,292
Vehicles	-	2,247
Equipment	31,569	17,451
Capital assets, net	<u>\$ 247,426</u>	<u>\$ 249,990</u>

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

Long-term debt

At June 30, 2014, OEDA had total long-term obligations outstanding of \$ 16,127 for accrued compensated absences.

Table 4
Oklahoma Economic Development Authority
Long-term Debt
June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Compensated absences	\$ 16,127	\$ 24,023
Total long-term debt	\$ 16,127	\$ 24,023

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 of approximately \$ 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 loedaxdir@ptsi.net, or telephone us at 580-625-4531.

Oklahoma Economic Development Authority
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,334,849
Investments	840,343
Receivables:	
Accounts	53,145
Due from other governments	346,723
Prepaid expenses	19,659
Capital assets, net of accumulated depreciation	247,426
Total assets	<u>2,842,145</u>
Liabilities	
Accounts payable and accrued expenses	294,953
Unearned revenue	1,184,918
Compensated absences	16,127
Total liabilities	<u>1,495,998</u>
Net Position	
Net investment in capital assets	247,426
Restricted for:	
Contractual agreement	95,735
Unrestricted	1,002,986
Total net position	<u>\$ 1,346,147</u>

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

Oklahoma Economic Development Authority
Statement of Activities
Year Ended June 30, 2014

	Program Expenses		Program Revenues	
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions
Governmental activities				
General government	\$ 18,739	\$ 714	\$ 11,248	\$ 1,156
Employment and training	1,910,101	59,885	-	1,963,066
Aging services	980,015	28,389	-	990,644
Economic development	63,596	15,672	-	85,086
Public safety	66,280	12,366	-	70,000
Community development	1,291,987	44,056	143,743	1,123,082
Total governmental activities	<u>\$ 4,330,718</u>	<u>\$ 161,082</u>	<u>\$ 154,991</u>	<u>\$ 4,233,034</u>

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

Net position, beginning

Net position, ending

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ -	\$ (7,049)
9,818	2,898
4,599	(13,161)
-	5,818
-	(8,646)
-	(69,218)
<u>\$ 14,417</u>	<u>(89,358)</u>

36,355
<u>8,109</u>
<u>44,464</u>
(44,894)
<u>1,391,041</u>
<u>\$ 1,346,147</u>

Oklahoma Economic Development Authority
Fund Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Employment & Training	Area Agency On Aging	Rural Economic Action Plan
Assets				
Cash and cash equivalents	\$ 91,598	\$ (12,232)	\$ (9,972)	\$ 1,219,709
Investments	840,343	-	-	-
Receivables:				
Accounts	4,475	-	-	-
Due from other governments	-	124,640	76,849	100,000
Due from other funds	25,876	-	-	-
Prepaid expenses	19,659	-	-	-
Total assets	<u>\$ 981,951</u>	<u>\$ 112,408</u>	<u>\$ 66,877</u>	<u>\$ 1,319,709</u>
Liabilities				
Accounts payable and accrued expenses	\$ 826	\$ 87,943	\$ 66,877	\$ 109,972
Due to other funds	-	25,876	-	-
Unearned revenue	-	-	-	1,152,418
Total liabilities	<u>826</u>	<u>113,819</u>	<u>66,877</u>	<u>1,262,390</u>
Deferred inflows of resources				
Unavailable contract revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	19,659	-	-	-
Restricted	-	-	-	57,319
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	961,466	(1,411)	-	-
Total fund balances	<u>981,125</u>	<u>(1,411)</u>	<u>-</u>	<u>57,319</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 981,951</u>	<u>\$ 112,408</u>	<u>\$ 66,877</u>	<u>\$ 1,319,709</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 45,746	\$ 1,334,849
-	840,343
48,670	53,145
45,234	346,723
-	25,876
-	19,659
<u>\$ 139,650</u>	<u>\$ 2,620,595</u>
\$ 29,335	\$ 294,953
-	25,876
32,500	1,184,918
<u>61,835</u>	<u>1,505,747</u>
41,350	41,350
<u>41,350</u>	<u>41,350</u>
-	19,659
29,883	87,202
-	-
8,653	8,653
(2,071)	957,984
<u>36,465</u>	<u>1,073,498</u>
<u>\$ 139,650</u>	<u>\$ 2,620,595</u>

Oklahoma Economic Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General Fund	Employment & Training	Area Agency on Aging	Rural Economic Action Plan
Revenues				
Membership dues and assessments	\$ 25,670	\$ -	\$ -	\$ -
Federal grants	-	1,902,374	306,913	-
State appropriations	-	-	443,508	1,065,420
Local projects and grants	11,248	-	-	-
Interest	7,552	-	-	557
Other	10,684	-	-	-
Match revenue	-	70,510	10,122	-
Total revenues	<u>55,154</u>	<u>1,972,884</u>	<u>760,543</u>	<u>1,065,977</u>
Expenditures				
Current:				
General government	2,784	-	-	-
Employment and training	-	1,964,477	-	-
Aging services	-	-	761,835	-
Economic development	-	-	-	-
Rural fire defense	-	-	-	-
Community development	-	-	-	1,065,420
Capital outlay	8,489	9,818	4,599	-
Total expenditures	<u>11,273</u>	<u>1,974,295</u>	<u>766,434</u>	<u>1,065,420</u>
Excess of revenues over (under) expenditures	43,881	(1,411)	(5,891)	557
Other financing sources (uses)				
Transfers in	-	-	5,891	-
Transfers (out)	(126,981)	-	-	-
Total other financing sources (uses)	<u>(126,981)</u>	<u>-</u>	<u>5,891</u>	<u>-</u>
Net change in fund balances	(83,100)	(1,411)	-	557
Fund balance, beginning	<u>1,064,225</u>	<u>-</u>	<u>-</u>	<u>56,762</u>
Fund balance, ending	<u>\$ 981,125</u>	<u>\$ (1,411)</u>	<u>\$ -</u>	<u>\$ 57,319</u>

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

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 25,670
72,980	2,282,267
340,637	1,849,565
147,502	158,750
-	8,109
-	10,684
38,472	119,104
<u>599,591</u>	<u>4,454,149</u>

1,156	3,940
-	1,964,477
255,771	1,017,606
117,739	117,739
78,645	78,645
270,623	1,336,043
4,369	27,275
<u>728,303</u>	<u>4,545,725</u>

(128,712)	(91,576)
-----------	----------

121,090	126,981
-	(126,981)
<u>121,090</u>	<u>-</u>

(7,622)	(91,576)
---------	----------

<u>44,087</u>	<u>1,165,074</u>
---------------	------------------

<u>\$ 36,465</u>	<u>\$ 1,073,498</u>
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Oklahoma Economic Development Authority
Reconciliation of Governmental Funds and Government-Wide Financial Statements
Year Ended June 30, 2014

Total fund balance - governmental funds	\$ 1,073,498
Amounts reported for governmental activities in the statement of net position 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	247,426
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:	
Compensated absences	(16,127)
Contract revenues reported as deferred inflows of resources in the funds because they are unavailable are not a deferred inflow of resources in the statement of net position.	41,350
Net position of governmental activities	<u><u>\$ 1,346,147</u></u>
 Net change in fund balances – total governmental funds	 \$ (91,576)
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	26,205
Depreciation expense	(28,769)
Because some contract revenues are not recognized until several months after the the fiscal year end, they are not considered available revenues and are deferred inflows of resources in the governmental funds.	41,350
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	
Compensated absences, net change	7,896
Change in net position of governmental activities	<u><u>\$ (44,894)</u></u>

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

Oklahoma Economic Development Authority
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Agency
	911
	Wireless
Assets	
Cash and cash equivalents	\$ 143,356
Total assets	<u>143,356</u>
Liabilities	
Accounts payable	143,356
Total liabilities	<u>143,356</u>
Net position	<u>\$ -</u>

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

Oklahoma Economic Development Authority
Notes to Financial Statements
June 30, 2014

I. Organization

Oklahoma Economic Development Authority (OEDA) was created under the Inter-Local Cooperation Act of the State of Oklahoma; Title 74 Oklahoma Statutes, 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 Statutes, 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 position 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 and allocated indirect expenses of 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 fund financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements.

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 is the fiduciary fund financial statement. 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. Membership dues are recognized as revenues in the year for which they are due.

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 and expenditures related to compensated absences are recorded only when payment is due.

Grant and contract revenues, membership dues, and interest associated with the current fiscal period are 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.

OEDA reports the following major governmental funds:

The *general fund* is OEDA's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

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, and dislocated workers. This fund includes contracts for both the Workforce Investment Act and Title V Senior Community Services Employment Program.

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

The *Rural Economic Action Plan fund* reports the activity related to grants from the Oklahoma Department of Commerce for the REAP program. This fund accounts for revenues and related pass-through expenditures to member communities for specific projects.

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.

OEDA also reports the *911 Wireless fund* as an agency fund in the fiduciary fund financial statements. This fund is used to account for fiduciary assets held by OEDA in a custodial capacity as an agent on behalf of others.

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. New accounting pronouncements

OEDA implemented the following accounting standards during the fiscal year ended June 30, 2014:

GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 requires governmental entities to review items reported as assets and liabilities to determine if they meet the definitions contained in GASB Concepts Statement 4. If not, then they should be reported as deferred outflows or deferred inflows of resources. This had no impact on the financial report.

GASB Statement No. 66 – Technical Corrections – 2012 - an Amendment of GASB Statements No. 10 and No. 62. This had no impact on the financial report.

GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees. This had no impact on the financial report.

E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

OEDA'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). 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. Prepaid items

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 buildings and improvements, vehicles, and equipment, are reported in the governmental activities column 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 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:

<u>Assets</u>	<u>Years</u>
Buildings	23
Vehicles	7
Equipment	5

5. Compensated absences

OEDA'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. There is no liability for accumulated unpaid sick leave since OEDA does not pay accumulated amounts for sick leave when employees separate from service. All vacation accumulated is reported when incurred in the governmental activities in the government-wide financial statements.

6. Long-term obligations

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

7. Deferred inflows/outflows of resources

The financial statements may contain separate sections, in addition to assets, liabilities, and net position, for deferred outflows of resources or deferred inflows of resources. These separate elements represent a consumption (deferred outflow) or acquisition (deferred inflow) of net position that applies to a future period and will not be recognized as an outflow or inflow of resources until that time. The unearned component of deferred revenue was reported as a deferred inflow of resources.

8. Fund balances and net position

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 entity’s highest level of decision-making authority.
- 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 board 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 position – Net position are displayed in three components as follows:

- a. *Net investment in capital assets* – consists of 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* – consists of net position 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* – all other net position that does not meet the definitions of “net investment in capital assets” or “restricted”.

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

8. Allocation of employee benefits and indirect costs

OEDA’s employee benefits and indirect costs are allocated based upon actual expenditures to all grants in accordance with 2 CFR Part 225 (formerly OMB Circular A-87). OEDA’s employee benefits are allocated to grants 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. Stewardship, compliance, and accountability

Budgetary information

The Authority operates each grant program under a budget approved by the funding agency. An overall budget is also prepared and presented to the board for approval.

IV. Detailed notes on all funds

A. Deposits and investments

Deposits

OEDA's carrying amount of deposits was \$ 1,478,205 as of June 30, 2014, and the bank balances totaled \$ 1,611,495. 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, 2014, \$ 34,938 of OEDA's bank balances of \$ 1,611,495 was not FDIC insured or collateralized by pledges from the banks.

Investments

As of June 30, 2014, OEDA had the following investments.

Investment	Maturities	Fair Value
Certificates of deposit	< 1 year	\$ 840,343
Total		<u>\$ 840,343</u>

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, 2014, 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, 2014, for the Oklahoma Economic Development Authority's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Employment and Training	AAA	REAP	Nonmajor Government Funds	Total
Receivables:						
Accounts	\$ 4,475	\$ -	\$ -	\$ -	\$ 48,670	\$ 53,145
Due from other governments	-	124,640	76,849	100,000	45,234	346,723
Less: allowance for uncollectibles	-	-	-	-	-	-
Net total receivables	<u>\$ 4,475</u>	<u>\$ 124,640</u>	<u>\$ 76,849</u>	<u>\$ 100,000</u>	<u>\$ 93,904</u>	<u>\$ 399,868</u>

C. Capital assets

Capital asset balances and activities for the year ended June 30, 2014, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Buildings	\$ 336,880	\$ -	\$ -	\$ 336,880
Vehicles	36,790	-	-	36,790
Equipment	166,252	26,206	-	192,458
Total capital assets, being depreciated	<u>539,922</u>	<u>26,206</u>	<u>-</u>	<u>566,128</u>
Less accumulated depreciation for:				
Buildings	(106,588)	(14,435)	-	(121,023)
Vehicles	(34,543)	(2,247)	-	(36,790)
Equipment	(148,802)	(12,087)	-	(160,889)
Total accumulated depreciation	<u>(289,933)</u>	<u>(28,769)</u>	<u>-</u>	<u>(318,702)</u>
Governmental activities capital assets, net	<u>\$ 249,989</u>	<u>\$ (2,563)</u>	<u>\$ -</u>	<u>\$ 247,426</u>

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

Governmental activities:	
General government	\$ 22,340
Employment and training	5,509
Aging services	920
Total depreciation expense – governmental activities	<u>\$ 28,769</u>

D. Interfund receivable, payables, and transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds –

Receivable fund	Payable fund	Amount
General fund	Employment & training	<u>\$ 25,876</u>

Interfund transfers –

Transfers in –	Transfers out General Fund
Area Agency on Aging	\$ 5,891
Non-major governmental:	
Community development	112,437
Rural fire	8,645
OHCA	8
Totals	<u>\$ 126,981</u>

E. Leases

Operating Leases – OEDA has entered into several operating lease agreements for office facilities. Rent expense during the year ended June 30, 2014 was \$ 28,477. None of the agreements have a term past one year.

F. Unearned revenue

Unearned revenues represent advances on grants or contracts which have not been expended.

Unearned revenues for the year ended June 30, 2014 totaled \$ 1,184,918, and included the following:

	Unearned Revenue <u>June 30, 2014</u>
REAP funds:	
2010 REAP funds	\$ 19,342
2012 REAP funds	77,534
2013 REAP funds	284,163
2014 REAP funds	771,379
Community development	32,500
Total	<u>\$ 1,184,918</u>

G. Long-term debt

As of June 30, 2014, Oklahoma Economic Development Authority did not have any outstanding debt.

H. 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:	\$ 16,127
Total compensated absences	<u>\$ 16,127</u>

As of June 30, 2014, the estimated liability for 719 hours accrued vacation was approximately \$ 16,127. Sick leave of 1,646 hours had been earned as of June 30, 2014. 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.

I. Fund balances

Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which OEDA is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance as of June 30, 2014, are as follows:

	General Fund	Employment and Training	REAP	Nonmajor Government Funds	Total
Nonspendable –					
Prepaid expenses	\$ 19,659	\$ -	\$ -	\$ -	\$ 19,659
Restricted for –					
Economic development	-	-	57,319	-	57,319
Aging services	-	-	-	29,883	29,883
Committed to –	-	-	-	-	-
Assigned to –					
Economic development	-	-	-	8,533	8,533
Rural fire	-	-	-	120	120
Unassigned	961,466	(1,411)	-	(2,071)	957,984
	<u>\$ 981,125</u>	<u>(1,411)</u>	<u>\$ 57,319</u>	<u>\$ 36,465</u>	<u>\$ 1,073,498</u>

V. Other information

A. Risk management

OEDA is exposed to various risks of loss related to torts, property damage, errors and omissions, and personal injury. OEDA carries commercial insurance for property, general liability, public official's liability, worker's compensation, and unemployment. OEDA retains the first \$ 500 – \$ 2,500, depending on the policy, of risk of loss in the form of deductibles.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability to OEDA. 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 \$ 14,400 during the year ended June 30, 2014.

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 13 employees actively participating in the Plan as of June 30, 2014.

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:

<u>Years of service</u>	<u>Vested percentage</u>
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 and after completion of ten years of participation.

Employees are required to contribute 3.5% of their compensation while OEDA contributes 16.5% of compensation plus monthly contribution.

Funding Policy – Covered payroll for the year ended June 30, 2014, was \$ 434,367, while total payroll aggregated \$ 833,271. Employees contributed \$ 15,132 to the Plan during the year, while OEDA's required contribution to the Plan for the year was \$ 71,335.

D. Subsequent events

Management has evaluated subsequent events through October 2, 2014, the date which the financial statements were available to be issued.

Oklahoma Economic Development Authority
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds (Budgetary Basis)
Year Ended June 30, 2014

	General Fund			Variance with
	Budget			Final Budget
	Original	Final	Actual	Positive
				(Negative)
Fund balance, beginning	\$ 1,007,981	\$ 1,007,981	\$ 1,033,857	\$ 25,876
Resources				
Federal grants	-	-	-	-
State appropriations	-	-	-	-
Contract revenue	11,248	11,248	11,248	-
Other	18,124	18,124	43,906	25,782
Match revenues	-	-	-	-
Operating transfers	-	-	-	-
Total resources	29,372	29,372	55,154	25,782
Amounts available for appropriation	1,037,353	1,037,353	1,089,011	51,658
Charges to appropriations:				
Salaries and fringe	-	-	(184)	184
Travel	-	-	6,478	(6,478)
Dues, subscriptions, & registrations	-	-	18	(18)
Professional/contractual	-	-	-	-
Supplies	-	-	212	(212)
Telephone	-	-	-	-
Equipment	-	-	3,725	(3,725)
Rent and Utilities	-	-	-	-
Postage and copier	-	-	41	(41)
Board travel and expense	-	-	-	-
Training	-	-	-	-
Indirect	-	-	-	-
Pass-through/service funds	-	-	-	-
Other	-	-	983	(983)
Transfers	-	-	126,981	(126,981)
Total charges to appropriations	-	-	138,254	(138,254)
Fund balance, ending	\$ 1,037,353	\$ 1,037,353	\$ 950,757	\$ (86,596)

The accompanying notes are an integral part of this schedule.

Employment & Training			
Budget			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ -	\$ -	\$ -	\$ -
1,710,500	1,710,500	1,902,374	191,874
-	-	-	-
-	-	-	-
-	-	-	-
-	-	70,510	70,510
-	-	-	-
1,710,500	1,710,500	1,972,884	262,384
1,710,500	1,710,500	1,972,884	262,384
274,614	274,614	251,775	22,839
29,700	29,700	15,697	14,003
2,600	2,600	1,457	1,143
16,500	16,500	12,494	4,006
5,300	5,300	1,773	3,527
4,900	4,900	4,421	479
5,000	5,000	3,274	1,726
18,315	18,315	19,772	(1,457)
4,100	4,100	1,397	2,703
3,600	3,600	5,088	(1,488)
19,500	19,500	-	19,500
63,436	63,436	59,884	3,552
1,262,935	1,262,935	1,597,263	(334,328)
-	-	-	-
-	-	-	-
1,710,500	1,710,500	1,974,295	(263,795)
\$ -	\$ -	\$ (1,411)	\$ (1,411)

Oklahoma Economic Development Authority
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds (Budgetary Basis)
Year Ended June 30, 2014

	Area Agency on Aging			Variance with
	Budget			Final Budget
	Original	Final	Actual	Positive
				(Negative)
Fund balance, beginning	\$ -	\$ -	\$ -	\$ -
Resources				
Federal grants	305,217	305,217	306,913	1,696
State appropriations	443,912	443,912	443,508	(404)
Contract revenue	-	-	-	-
Other	-	-	-	-
Match revenues	10,210	10,210	10,122	(88)
Operating transfers	7,908	7,908	5,891	(2,017)
Total resources	767,247	767,247	766,434	(813)
Amounts available for appropriation	767,247	767,247	766,434	(813)
Charges to appropriations:				
Salaries and fringe	110,241	110,241	106,568	3,673
Travel	10,300	10,300	10,001	299
Dues, subscriptions, & registrations	2,178	2,178	3,541	(1,363)
Professional/contractual	6,000	6,000	5,950	50
Supplies	1,200	1,200	1,665	(465)
Telephone	5,824	5,824	3,898	1,926
Equipment	-	-	3,363	(3,363)
Rent and Utilities	3,786	3,786	2,849	937
Postage and copier	1,991	1,991	993	998
Meeting expense	500	500	1,136	(636)
Training	-	-	-	-
Indirect	25,466	25,466	24,890	576
Pass-through/service funds	599,761	599,761	601,580	(1,819)
Other	-	-	-	-
Transfers	-	-	-	-
Total charges to appropriations	767,247	767,247	766,434	813
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this schedule.

Rural Economic Action Plan

Budget			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 56,762	\$ 56,762	\$ 56,762	\$ -
-	-	-	-
2,217,838	2,217,838	1,065,420	(1,152,418)
-	-	-	-
-	-	557	557
-	-	-	-
-	-	-	-
2,217,838	2,217,838	1,065,977	(1,151,861)
2,274,600	2,274,600	1,122,739	(1,151,861)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,274,600	2,274,600	1,065,420	1,209,180
-	-	-	-
-	-	-	-
2,274,600	2,274,600	1,065,420	1,209,180
\$ -	\$ -	\$ 57,319	\$ 57,319

Oklahoma Economic Development Authority
Reconciliation of Budgetary Comparison Schedule on a Budgetary
Basis With Fund Financial Statements on a GAAP Basis
Year Ended June 30, 2014

	General Fund	Employment & Training
<u>Budgetary funds</u>		
<u>Financial statement major funds</u>		
Revenues		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 55,154	\$ 1,972,884
Adjustments:	-	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ 55,154</u>	<u>\$ 1,972,884</u>
Expenditures		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 11,273	\$ 1,974,295
Adjustments:	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 11,273</u>	<u>\$ 1,974,295</u>
Other financing sources (uses)		
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (126,981)	\$ -
Adjustments:	-	-
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ (126,981)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

Area Agency on Aging	Rural Economic Action Plan
\$ 760,543	\$ 1,065,977
-	-
<u>\$ 760,543</u>	<u>\$ 1,065,977</u>
\$ 766,434	\$ 1,065,420
-	-
<u>\$ 766,434</u>	<u>\$ 1,065,420</u>
\$ 5,891	\$ -
-	-
<u>\$ 5,891</u>	<u>\$ -</u>

Oklahoma Economic Development Authority
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2014

Budgetary Accounting: The annual operating budgets are prepared and presented on the modified accrual basis of accounting. OEDA utilizes encumbrance accounting during the year on a limited basis for certain purchase orders and other commitments for the expenditure of funds which are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at year-end, therefore, encumbrances outstanding at year-end are not considered expenditures for budgetary purposes, as OEDA will provide for supplemental appropriations in the following budget year.

Oklahoma Economic Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue			
	State Appropriated	EDA	Caregiver	Rural Fire
Assets				
Cash and cash equivalents	\$ (3,153)	\$ 8,543	\$ (7,029)	\$ (7,176)
Receivables:				
Accounts	-	-	-	-
Due from other governments	3,153	-	9,247	7,917
Total assets	<u>\$ -</u>	<u>\$ 8,543</u>	<u>\$ 2,218</u>	<u>\$ 741</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 10	\$ 2,218	\$ 621
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>10</u>	<u>2,218</u>	<u>621</u>
Deferred inflows of resources				
Unavailable contract revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	8,533	-	120
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>8,533</u>	<u>-</u>	<u>120</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 8,543</u>	<u>\$ 2,218</u>	<u>\$ 741</u>

Special Revenue					
ADRC	Community Development	CENA	OHCA	Masonic Charities	SHICP
\$ 12	\$ 27,236	\$ (1,899)	\$ (200)	\$ 29,871	\$ -
-	48,670	-	-	-	-
-	-	24,258	200	-	-
<u>\$ 12</u>	<u>\$ 75,906</u>	<u>\$ 22,359</u>	<u>\$ -</u>	<u>\$ 29,871</u>	<u>\$ -</u>
\$ -	\$ 4,127	\$ 22,359	\$ -	\$ -	\$ -
-	32,500	-	-	-	-
-	36,627	22,359	-	-	-
-	41,350	-	-	-	-
-	41,350	-	-	-	-
-	-	-	-	-	-
12	-	-	-	29,871	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(2,071)	-	-	-	-
<u>12</u>	<u>(2,071)</u>	<u>-</u>	<u>-</u>	<u>29,871</u>	<u>-</u>
<u>\$ 12</u>	<u>\$ 75,906</u>	<u>\$ 22,359</u>	<u>\$ -</u>	<u>\$ 29,871</u>	<u>\$ -</u>

Oklahoma Economic Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Page 2 of 2

	<u>Special Revenue</u>	
	<u>MFP</u>	<u>Total Non-major Governmental</u>
Assets		
Cash and cash equivalents	\$ (459)	\$ 45,746
Receivables:		
Accounts	-	48,670
Due from other governments	459	45,234
Total assets	<u>\$ -</u>	<u>\$ 139,650</u>
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 29,335
Unearned revenue	-	32,500
Total liabilities	<u>-</u>	<u>61,835</u>
Deferred inflows of resources		
Unavailable contract revenues	-	41,350
Total deferred inflows of resources	<u>-</u>	<u>41,350</u>
Fund balances		
Nonspendable	-	-
Restricted	-	29,883
Committed	-	-
Assigned	-	8,653
Unassigned	-	(2,071)
Total fund balances	<u>-</u>	<u>36,465</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 139,650</u>

Oklahoma Economic Development Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014

	Special Revenue			
	State Appropriated	EDA	Caregiver	Rural Fire
Revenues				
Federal grants	\$ -	\$ 60,000	\$ 9,821	\$ -
State appropriations	36,364	-	-	70,000
Local projects and grants	-	-	-	-
Other	-	-	-	-
Match revenues	-	38,472	-	-
Total revenues	<u>36,364</u>	<u>98,472</u>	<u>9,821</u>	<u>70,000</u>
Expenditures				
Current:				
General government	1,156	-	-	-
Aging services	10,122	-	9,821	-
Economic development	25,086	92,653	-	-
Rural fire defense	-	-	-	78,645
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>36,364</u>	<u>92,653</u>	<u>9,821</u>	<u>78,645</u>
Excess of revenues over (under) expenditures	-	5,819	-	(8,645)
Other financing sources (uses)				
Transfers in	-	-	-	8,645
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,645</u>
Net change in fund balances	-	5,819	-	-
Fund balance, beginning	<u>-</u>	<u>2,714</u>	<u>-</u>	<u>120</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 8,533</u>	<u>\$ -</u>	<u>\$ 120</u>

Special Revenue

ADRC	Community Development	CENA	OHCA	Masonic Charities	SHICP
\$ 2,500	\$ -	\$ -	\$ 200	\$ -	\$ -
-	57,662	168,041	-	-	8,570
-	102,393	-	-	45,109	-
-	-	-	-	-	-
-	-	-	-	-	-
2,500	160,055	168,041	200	45,109	8,570
-	-	-	-	-	-
2,488	-	168,041	208	56,062	8,570
-	-	-	-	-	-
-	-	-	-	-	-
-	270,623	-	-	-	-
-	4,369	-	-	-	-
2,488	274,992	168,041	208	56,062	8,570
12	(114,937)	-	(8)	(10,953)	-
-	112,437	-	8	-	-
-	-	-	-	-	-
-	112,437	-	8	-	-
12	(2,500)	-	-	(10,953)	-
-	429	-	-	40,824	-
\$ 12	\$ (2,071)	\$ -	\$ -	\$ 29,871	\$ -

Oklahoma Economic Development Authority Page 2 of 2
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014
(continued)

	<u>Special Revenue</u>	
	<u>MFP</u>	<u>Total Non-major Governmental</u>
Revenues		
Federal grants	\$ 459	\$ 72,980
State appropriations	-	340,637
Local projects and grants	-	147,502
Other	-	-
Match revenues	-	38,472
Total revenues	<u>459</u>	<u>599,591</u>
Expenditures		
Current:		
General government	-	1,156
Aging services	459	255,771
Economic development	-	117,739
Rural fire defense	-	78,645
Community development	-	270,623
Capital outlay	-	4,369
Total expenditures	<u>459</u>	<u>728,303</u>
Excess of revenues over (under) expenditures	-	(128,712)
Other financing sources (uses)		
Transfers in	-	121,090
Transfers (out)	-	-
Total other financing sources (uses)	<u>-</u>	<u>121,090</u>
Net change in fund balances	-	(7,622)
Fund balance, beginning	<u>-</u>	<u>44,087</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 36,465</u>

Oklahoma Economic Development Authority
Schedule of Indirect Costs
Year Ended June 30, 2014

	Indirect Costs
Salaries and wages	\$ 68,508
Employee benefits and taxes	26,831
Total personnel costs	<u>95,339</u>
 Rent and utilities	 13,438
Communications	2,203
Travel	13,489
Office supplies and postage	4,023
Repairs and maintenance	3,016
Insurance and bonds	10,030
Dues, subscriptions, and meetings	13,757
Professional	1,785
Other expense	4,002
Total indirect costs	<u><u>\$ 161,082</u></u>



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*

Board of Trustees
Oklahoma Economic Development Authority
Beaver, 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 of the United States, 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, 2014 and the related notes to the financial statements, which collectively comprise Oklahoma Economic Development Authority's basic financial statements, and have issued our report thereon dated October 2, 2014. We did not audit management's discussion and analysis and the budgetary comparison information which is required supplementary information, and therefore expressed no opinions on it.

Internal Control Over Financial Reporting

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

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

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.

Ronald C. Cottrell, CPA

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-1.

Responsible Official's Response to Findings

Oklahoma Economic Development Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Oklahoma Economic Development Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Oklahoma Economic Development Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ronald C. Cottrell, CPA
Kansas, Oklahoma
October 2, 2014



Ronald C. Cottrell, CPA

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Oklahoma Economic Development Authority
Beaver, Oklahoma

Report on Compliance for Each Major Program

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 Oklahoma Economic Development Authority's major federal programs for the year ended June 30, 2014. 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.

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 Oklahoma Economic Development Authority'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination on Oklahoma Economic Development Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Oklahoma Economic Development Authority 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, 2014.

Report on Internal Control Over Compliance

Management of Oklahoma Economic Development Authority 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 Oklahoma Economic Development 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 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. 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

Ronald C. Cottrell, CPA

Ronald C. Cottrell, CPA
Grove, Oklahoma
October 2, 2014

Oklahoma Economic Development Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
<u>U. S. Department of Labor</u>			
Pass-Through Program From:			
Oklahoma Department of Commerce -			
<i>Workforce Investment Act (WIA) Cluster</i>			
WIA Title I Adult	17.258	15541-NW-PY13 WAS	\$ 9,002
		15757-NW-FY 14 WAS	154,247
		15360 NW-FY13 WAS	240,331
WIA Title I Youth	17.259	15528 WYS 13	341,273
		15922 NW-PY 14-WYS	13,332
		15054-NC-PY12-WYS	64,703
WIA Title I Dislocated Worker	17.278	15151-NC-PY12-WDW	23,619
		15153 NW-PY 12-WDW	22,047
		15820 NW-FY 12- WDW FY	40,733
		15350 NW-FY 13- WDW FY	436,674
		15821 WDW 12	2,263
		15766 WDW FY 14	135,190
		15549-WDW 13	40,537
<i>Subtotal WIA Cluster</i>			<u>1,523,951</u>
<u>U. S. Department of Labor</u>			
Pass-Through Program From:			
Oklahoma Employment Security Commission -			
<i>Other Programs</i>			
DLW Rapid Response Grant/TAA	17.245	NC-170-019	7,026
Title V, Senior Community Services Employment Program	17.235	95872-NW-PY12-SCSEP	3,934
		95873-NW-PY 13-SCSEP	368,874
<i>Subtotal Other Programs</i>			<u>379,834</u>
Total U.S. Department of Labor			<u>1,903,785</u>

The accompanying notes are an integral part of this schedule.

Oklahoma Economic Development Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Program From:			
Oklahoma Department of Human Services			
<i>Aging Cluster</i>			
Special Programs for the Aging, Title III -			
Part B, Grants for Supportive Services and Senior Centers	93.044	45110018 FY 13-14	78,304
Part C, Nutrition Services	93.045	45110018 FY 13-14	140,134
Nutrition Services Incentive Program	93.053	45110018 FY 13-14	75,344
<i>Subtotal Aging Cluster</i>			<u>293,782</u>
<i>Other Programs</i>			
Pass-Through Program From:			
Oklahoma Department of Human Services			
Special Programs for the Aging, Title III -			
Part E, National Family Caregiver Support	93.052	45110018 FY 13-14	19,424
Title VII, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	45110018 FY 13-14	1,027
Aging and Disability Resource Center (ADRC)	93.626	PA14023023	2,488
Money Follows the Person (MFP)	93.791	14016129	459
Pass-Through Program From:			
Oklahoma Health Care Authority			
Living Choice Quality of Care Surveys	93.791	8079002183	200
Pass-Through Program From:			
Oklahoma Insurance Department			
Senior Health Insurance Counseling Program (SHIP)	93.779	1NOCMS020203-20-00	4,570
		1NOCMS020203-20-00	1,000
Senior Medical Patrol (SMP)	93.048	90MP0082/02	3,000
<i>Subtotal Other Programs</i>			<u>32,168</u>
Total U.S. Department of Health and Human Services			<u>325,950</u>

The accompanying notes are an integral part of this schedule.

Oklahoma Economic Development Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
<u>U.S. Department of Commerce</u>			
Direct Program -			
Title II, Section 203 Planning Assistance:			
Continuation Planning (EDA)	11.302	08-83-04667	29,607
		08-83-04940	24,573
Total U.S. Department of Commerce			<u>54,180</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,283,915</u></u>

The accompanying notes are an integral part of this schedule.

Oklahoma Economic Development Authority
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

I. Basis of accounting

The accompanying schedule of expenditures of federal awards include the federal grant activity of Oklahoma Economic Development Authority 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 States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Expenditures

Expenditures represent current year federal grant/contract portion only.

III. Noncash awards

Oklahoma Economic Development Authority expended no form of noncash assistance during the year ended June 30, 2014, which are required by OMB Circular A-133 to be included in the schedule of expenditures of federal awards.

IV. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal 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	\$ 51,470
Part C – Nutrition Services	93.045	109,092
Part E – National Family Caregiver Support	93.052	12,498
Nutritional Services Incentive Program	93.053	75,344
Total U.S. Department of Health and Human Services		<u>\$ 248,404</u>

Oklahoma Economic Development Authority
Schedule of Expenditures of State Awards
Year Ended June 30, 2014

	Pass-Through Entity Identifying Number	Expenditures
STATE PROGRAMS		
<u>Oklahoma Department of Commerce -</u>		
Community Expansion of Nutrition Assistance	15590 CENA 14	\$ 168,041
State Appropriated Funds	15703 SS 14	36,364
Rural Economic Action Plan	14455 REAP 11	47,803
	14776 REAP 12	112,264
	15288 REAP 13	574,065
	15694 REAP 14	331,289
	15694 REAP 14 Planning & Administration	57,662
Total Oklahoma Department of Commerce		<u>1,327,488</u>
<u>Oklahoma Department of Agriculture, Food and Forestry -</u>		
Pass-Through Program From:		
Oklahoma Association of Regional Councils -		
Fire and Safety Services/Rural Fire Defense	409016087	70,000
Total Oklahoma Department of Agriculture, Food and Forestry		<u>70,000</u>
<u>Oklahoma Department of Human Services -</u>		
Aging Services		
Title III, Part B - Supportive Services	45110018 FY 13-14	87,637
Part C - Congregate Meals	45110018 FY 13-14	351,614
Part E - Caregiver Support (DSW)	45110018 FY 13-14	6,577
Title VII - Abuse Prevention	45110018 FY 13-14	181
Total Oklahoma Department of Human Services		<u>446,009</u>
Total Expenditures of State Awards		<u>\$ 1,843,497</u>

Oklahoma Economic Development Authority
Summary Schedule of Prior Audit Findings

Financial Statement Findings

There were no matters reported.

Federal Award Findings and Questioned Costs

There were no matters reported.

**Oklahoma Economic Development Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
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?	Yes

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:	Unmodified
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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044 – 93.053	Aging 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?	Yes
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Section II - Financial Statement Findings

2014-1 Collateralization of Deposits

Criteria – Oklahoma Statutes, Title 62, Public Finance Chapter 3, Provisions Applicable to the State and Subdivisions of the State, Section 511 - Public Funds - Deposit Without Collateral Where Deposit Insured by F.D.I.C., states that all public funds deposited in financial institutions not covered by Federal Depository Insurance shall be collateralized by a pledge of securities by the financial institutions.

Ronald C. Cottrell, CPA

Condition – OEDA’s deposits in the First Security Bank as of June 30, 2014 were \$ 1,269,708 while FDIC insurance and pledged collateral totaled \$ 1,234,770.

Cause and Effect – Collateralization of deposit balances is not adequately monitored on an on-going basis to ensure that all funds on deposit are properly covered. In the event of a bank failure, a portion of funds on deposit could be lost.

Recommendation – Collateralization of deposits should be monitored on an ongoing basis to ensure that all funds are adequately covered.

Responsible Official’s Comments and Plan of Action – OEDA’s plan of action is to monitor the collateralization of all accounts on a monthly basis to ensure all funds on deposit will be covered in the event of a negative banking event.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.